

HOUSE FINANCE COMMITTEE
February 26, 2018
1:31 p.m.

1:31:46 PM

CALL TO ORDER

Co-Chair Seaton called the House Finance Committee meeting to order at 1:31 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Paul Seaton, Co-Chair
Representative Les Gara, Vice-Chair
Representative Jason Grenn
Representative David Guttenberg
Representative Scott Kawasaki
Representative Dan Ortiz
Representative Lance Pruitt
Representative Steve Thompson
Representative Cathy Tilton
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Shawnda O'Brien, Assistant Commissioner, Finance and Management Services, Department of Health and Social Services; David Teal, Director, Legislative Finance Division; Dan Spencer, Director, Administrative Services, Department of Law; Fabienne Peter-Contesse, Director of Administrative Support Services, Department of Natural Resources; Fabian //; Alexei Painter, Analyst, Legislative Finance Division; Kelly Howell, Director, Division of Administrative Services, Department of Public Safety; Walt Monegan, Commissioner, Department of Public Safety; Amanda Holland, Acting Deputy Commissioner, Department of Transportation and Public Facilities; Miles Baker, Director, Government Relations, University of Alaska.

PRESENT VIA TELECONFERENCE

Commissioner Dean Williams, Department of Corrections;
Steve Masterman, Director, Geological and Geophysical
Surveys; Brent Goodrum, Department of Natural Resources,
Division of Mining, Land, and Water, Anchorage.

SUMMARY

HB 285 APPROP: MENTAL HEALTH BUDGET

HB 285 was HEARD and HELD in committee for
further consideration.

HB 286 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 286 was HEARD and HELD in committee for
further consideration.

BUDGET SUBCOMMITTEE REPORTS and AMENDMENTS:

DEPARTMENT OF CORRECTIONS
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
DEPARTMENT OF LAW
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
DEPARTMENT OF NATURAL RESOURCES
DEPARTMENT OF PUBLIC SAFETY
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
UNIVERSITY OF ALASKA
LEGISLATURE

Co-Chair Seaton reviewed the meeting agenda. He shared that the subcommittee reports were distributed to members the previous Saturday and posted on the Legislative Finance Division website and the legislature's website. He noted that on the previous Friday the committee took up 22 amendments, and there were 56 amendments proposed for the remaining 10 agencies on the current day's schedule. Also, there were 22 language amendments that would be taken up by the committee on the following Tuesday. The reports might be an incomplete picture of the department's budget. A new committee substitute would be compiled for further consideration. He intended to extend House Finance until 5:00 pm in the present day, and depending on progress, the committee would return in the evening or in the morning. The scheduled hearing would likely be bumped. The committee would finish on Tuesday to allow time for a committee

substitute to be drafted and out for review. Public testimony would be heard on Thursday. He asked members to limit their questions and remarks in the interest of time wherever possible.

#hb285

#hb286

HOUSE BILL NO. 285

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

HOUSE BILL NO. 286

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making supplemental appropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

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^DEPARTMENT OF CORRECTIONS AMENDMENTS

[1:33:57 PM](#)

Representative Kawasaki provided a subcommittee report for the Department of Corrections (DOC) with a prepared statement:

The House Finance Budget Subcommittee for the Department of Corrections held six meetings and a closeout with the Department during the review of the FY19 Governor's Amended Budget.

The Chair of the House Finance Budget Subcommittee for the Department of Corrections recommends that the House Finance Committee accept the Governor's FY19 Budget and subcommittee amendment proposals.

The numbers-only budget with amendment recommendations totals:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF) 288,939.1

Designated General Funds (DGF) 8,507.2

Other Funds 25,735.9

Federal Funds 7,695.9

Total 330,878.1

The Unrestricted General Fund difference from FY15 Management Plan to the FY19 House Subcommittee Recommended budget is a reduction of \$8,715.3, a decrease 2.9 percent.

The Unrestricted General Fund difference from FY18 Management Plan to the FY19 House Subcommittee Recommended budget is an increase of \$21,931.1, an increase of 8.2 percent.

Positions:

Permanent Full-time 1,893

Permanent Part-time 0

Temporary 0

Total 1,893

The Governor did not submit any amendments for this agency.

The Subcommittee discussed a variety of issues during the meetings, including some amendment proposals that were not forwarded to the full House Finance Committee.

1. Transfer Funding to Create a New Appropriation and Allocation for Substance Abuse Monitoring and Diversion Services, Transfer \$750.0 UGF

An amendment was discussed that would have transferred \$750.0 UGF from the Electronic Monitoring allocation to a new appropriation and allocation to establish a substance abuse program. Individuals with charges involving a nexus to alcohol or substance abuse would be required to participate in a program established under AS 47.38.020, an alcohol and substance abuse monitoring program within the Department of Health and

Social Services in collaboration with the Department of Corrections.

Subcommittee Discussion: AS 47.38.020 creates the Alaska 24-7 Sobriety Program. This program monitors incarcerated and pretrial non-violent individuals with drug and alcohol related charges or crimes.

The Department spoke in opposition to the proposed amendment. The number of people serving time on electronic monitoring for parole and probation has decreased, but the number of people using electronic monitoring during pretrial is increasing. The Department relies on the same contract, equipment, and staff for electronic monitoring in both allocations. The Department testified that the cut of \$750.0 UGF would result in fewer people on electronic monitoring and the loss of positions.

The Subcommittee discussed how to best provide the Department with a tool to better monitor inmates with alcohol and drug related charges. There was disagreement if this would be best done within the Department, as is currently provided, or by creating a new program, as proposed in this amendment. However, there was general agreement that the topic was worth discussing in the House Finance Committee.

The amendment failed by a vote of 4 yeas and 5 nays.

2. Delete Two Professional Conduct Investigator Positions and Funding for Personal Services in the Office of the Commissioner, (268.8) UGF and (2) PFT Positions

Subcommittee Discussion: In FY2018, the Subcommittee transferred the entire Professional Conduct Investigation Unit and three corresponding positions from the Correctional Academy allocation and into the Office of the Commission allocation. In the FY18 Management Plan two new Professional Conduct Investigator positions were added to the Office of the Commissioner (PCNs 20-T030 and 20-T039). These positions are currently filled. The committee debated the need for the two new positions and corresponding funding.

The amendment failed by a vote of 4 yeas and 5 nays.

3. Delete Two Positions and Funding for Personal Services in Information Technology MIS, (198.0) UGF and 2 PFT Positions

Subcommittee Discussion: PCNs 20-6130, 20-6162, 20-6914 and 20-6920 were transferred from the Palmer allocation to Information Technology MIS allocation in FY 17 when the Palmer Correctional Center closed. Two of those positions were transferred to the Research and Records allocation in FY18. As of January 1, 2018, neither PCN 20-6914 nor 20-6920 had been filled or posted on Workplace Alaska.

The Department announced they have filled one of the positions since January 11, 2018. In response, the amendment sponsor proposed a conceptual amendment that would instead delete \$99.0 UGF and one position, this passed without objection.

The amendment failed by a vote of 4 yeas and 5 nays.

4. Reducing Funding in Information Technology MIS, (500.0) UGF

Subcommittee Discussion: An amendment was discussed that would have reduced funding in the Information Technology MIS allocation by \$500 UGF.

The Department testified that a misplaced line item for reimbursable service agreements to the new Office of Information technology had caused the budget for Information Technology MIS to appear overly inflated.

The sponsor withdrew their amendment.

5. Seven amendments were introduced that would have deleted funds from the Population Management allocation. The amendment sponsor spoke to the first amendment and withdrew it along with the other six amendments.

The subcommittee reviewed the following recommendation, that was withdrawn by the sponsor:

House Judiciary Committee - Support the Governor's HB 295 to amend AS 12.30.006 - AS 12.30.011

The committee discussed a statutory proposal that would have urged the House finance Committee to support the provisions in HB 295 creating an exception to the requirement of mandatory own recognizance release for persons charged with a misdemeanor or class C felony who are assessed by a pretrial services officer as low to moderate risk and have an out-of-state criminal history that has not been used in determining the person's risk level.

Subcommittee Discussion: The Subcommittee agreed with the intention of the amendment but questioned if it was appropriate to urge the full committee to endorse a specific piece of legislation. The sponsor offered a conceptual amendment to eliminate the bill number from the wordage, but it was objected to.

The sponsor withdrew the amendment.

Representative Kawasaki relayed that the subcommittee had no statutory recommendations. The governor did not submit any amendments for DOC. He thanked Commissioner Dean Williams, who had been present for all of the subcommittee meetings, April Wilkerson, Juliana Melin, and Amanda Ryder.

Representative Pruitt noted that the report showed an unrestricted general fund (UGF) difference between the FY 18 management plan and the recommendation. He asked about the percentage if the supplemental request was added to the management plan. He thought it would be closer to an actual plan.

Representative Kawasaki did not have his paperwork with him. However, he thought it would be even. He estimated the fast-track supplemental request to be about \$20 million. He detailed that about \$10 million dealt with population and the other \$10 million had to do with inmate healthcare. He commented that it was roughly flat.

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Representative Kawasaki indicated that he had a series of amendments that he would be forwarding a report that showed all amendments passing unanimously with the exception of one that passed 7 to 2.

Representative Kawasaki MOVED to ADOPT Amendment H DOC 1
(copy on file):

Administration and Support
Office of the Commissioner
H DOC 1 - Add Intent to Take Full Advantage of
Community Residential Centers While Prioritizing
Public Safety Offered by Representative Kawasaki

Wordage: It is the intent of the legislature that the
Commissioner of Corrections take full advantage of the
cost savings available through the tiered pricing
structure as stated in the CRC contracts, by
maximizing prisoner placement into these facilities
while prioritizing public safety.

Explanation: Currently the State pays \$162.49 per bed,
per day in a correctional facility. If utilized, the
CRCs do significantly reduce the daily cost of housing
prisoners. However, to realize these significant
savings each CRC must be more fully occupied.

Representative Wilson OBJECTED for discussion.

Representative Kawasaki reviewed the amendment and
indicated it was passed unanimously in the subcommittee.

Representative Wilson commented that when the legislature
passed SB 91, \$1 million had been allocated for halfway
houses to have treatment. The allocation was to be paid for
over two years, \$500,000 each year. She had heard from DOC
that treatment had not been implemented in the halfway
house. She reported, after further investigation, that much
of the money had been returned to the general fund. She
thought it was a step down from prison to a halfway house.
She wanted to ensure that treatment was provided. She urged
additional investigation because of high recidivism rates.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H DOC 1 was ADOPTED.

Representative Kawasaki MOVED to ADOPT Amendment H DOC 2
(copy on file):

Administration and Support
Research and Records

H DOC 2 - Delete Two Vacant Positions
Offered by Representative Kawasaki

PCN's 20-6130, 20-6162, 20-6914 and 20-6920 and funding were transferred from the Palmer allocation to Information Technology MIS allocation in FY 17 when the Palmer Correctional Center closed. All positions were vacant in FY 18 and no recruitment had started during the last legislative session, therefore the Finance Subcommittee deleted the positions. They were reinstated by the House Finance Committee.

All four positions were vacant as of 1/11/18. PCN's 20-6130 and 20-6162 were transferred to this allocation in the Governor's FY 19 budget request and reclassified. This amendment deletes the positions and the associated post-vacancy personal services costs of \$229,483 (\$235,706 positions costs less vacancy factor of 2.64 percent in this allocation).

Representative Wilson OBJECTED for discussion.

Representative Kawasaki detailed the amendment. He relayed that in offered testimony that the two IT positions were still vacant with no recruitment going on and no recruitment had ensued in the previous year. The allocation had been pulled in the prior year's budget and restored by the Senate. The remaining two positions were currently not filled or advertised. The vote passed unanimously in committee.

Representative Wilson noted she had deleted the positions in the prior year because they had not been filled or recruited. She WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H DOC 2 was ADOPTED.

Co-Chair Seaton acknowledged that Representative Cathy Tilton and Representative Steve Thompson had joined the meeting.

Representative Kawasaki MOVED to ADOPT Amendment H DOC 4 (copy on file):

Population Management Institution
Director's Office

H DOC 4 - Add Intent Prioritizing Funding and Solutions to Reduce the Disparity of Alaska Native Incarceration
Offered by Representative Kawasaki

Wordage: It is the intent of the legislature that the Commissioner of the Department of Corrections will prioritize funding and implement solutions that reduce the disparity in Alaska Native incarceration throughout the state.

Explanation: Alaska Native individuals are incarcerated at a drastically higher rate than any other demographic group in the state. The underlying causes of this (e.g. systematic racism, economic disparity, etc.) must be accounted for in developing and implementing appropriate solutions to resolve this disparity of incarceration within the Alaska corrections system.

Representative Wilson OBJECTED for discussion.

Representative Kawasaki reviewed the amendment. He reported that incarceration rates in jails were twice what the normal population of Alaska Natives were. The intent language had also been offered in the prior year's budget. The subcommittee felt it was very important that the language remained in the budget and that the commissioner provided updates to the legislature. The amendment passed by a vote of 7 to 2.

Representative Wilson asked how many of the Alaska Native population was in pre-trial status, awaiting sentencing, and have been sentenced. She was unsure the amendment had been followed in the previous year. She thought the numbers would be helpful in evaluating the issue in the following year. She hoped the department could answer the question.

Co-Chair Seaton did not believe the department could answer the question. Representative Wilson argued the importance of the department being able to answer the question. She did not want to continue putting intent language into the budget without knowing whether it was utilized. Co-Chair Seaton advised that the commissioner was online to answer questions. He asked him to respond.

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COMMISSIONER DEAN WILLIAMS, DEPARTMENT OF CORRECTIONS (via teleconference), had heard the intent language in the prior year and relayed that the amendment was a priority for him as well. He pointed out there were 2 things about the disproportion of minority confinement. First, the department encountered people that came to DOC or were referred. However, it was not up to DOC to determine who was incarcerated and who was not. The amount of control the commissioner had as to who was incarcerated was very limited. He noted some of the changes he was trying to make within the department having to do with pre-release and re-entry. He had paid close attention to the issue of a disproportion of minority confinement and deeply cared. He could have an effect on incorporating culturally relative programs to reduce recidivism among Alaska Natives.

Representative Wilson restated her question to the commissioner. She wanted to understand the percentages. Commissioner Williams thought he would be able to provide her the information within 1-2 days.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H DOC 4 was ADOPTED.

Representative Kawasaki MOVED to ADOPT Amendment H DOC 5 (copy on file):

Population Management
Electronic Monitoring
H DOC 5 - Add Intent to Expand Electronic Monitoring to Bethel
Offered by Representative Kawasaki

Wordage: It is the intent of the legislature that the Commissioner of the Department of Corrections will prioritize expanding the Electronic Monitoring program to Bethel.

Explanation: Expanding electronic monitoring in Bethel will help reduce adverse impacts of conviction to low-risk individuals by allowing them to stay connected to healthy social and work networks in the community, reducing the risk of recidivism that accompanies separation from work and family. Currently, electronic monitoring is offered in Anchorage, Fairbanks, Juneau,

Kenai, Ketchikan, and Palmer. There are Regional and Community jail operated electronic monitoring programs in Barrow, Kodiak, and Sitka. So far this year, the total average number of inmates on electronic monitoring in Alaska is 205. Anchorage accounts for 116, Fairbanks has 39, Palmer has 28, Juneau has averaged 11 and Kenai is at 7. All others have averaged less than 1.

Representative Wilson OBJECTED for discussion.

Representative Kawasaki indicated the amendment dealt with intent language to prioritize expansion of electronic monitoring to the Bethel Region. Currently, electronic monitoring was offered in Anchorage, Fairbanks, Juneau, Kenai, Ketchikan, Palmer, Barrow, Kodiak, and Sitka through the community jail system. The subcommittee thought Bethel was the next largest place and would help to reduce adverse impacts. It was also much more affordable to keep a person on electronic monitoring than it was to keep them in jail.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H DOC 5 was ADOPTED.

Representative Kawasaki MOVED to ADOPT Amendment H DOC 3 (copy on file):

Facility-Capital Improvement Unit
Facility-Capital Improvement Unit
H DOC 3 - Create New Facility-Capital Improvement Unit
Appropriation and Transfer Allocation Funding and PCNs
to New Appropriation
Offered by Representative Kawasaki

Move the Facility-Capital Improvement Unit allocation to a new Facility Capital Improvement appropriation. This amendment funds the FY 19 request for the Facility-Capital Improvement unit. However, by creating a separate appropriation, it insures that the funding may be expended only for facility maintenance and repairs.

Representative Wilson OBJECTED for discussion.

Representative Kawasaki reported that the amendment had passed unanimously in subcommittee. The Department of

Environmental Conservation (DEC) was one of the only budgets he handled that had a capital improvement request. The amount of the request was \$1 million. The subcommittee added language to ensure that facility capital improvement money was only used for facilities and not moved between allocations.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H DOC 3 was ADOPTED.

^DEPARTMENT OF ENVIRONMENTAL CONSERVATION AMENDMENTS

[1:48:46 PM](#)

Co-Chair Foster provided his subcommittee report:

The House Finance Budget Subcommittee for the Department of Environmental Conservation held 4 meetings with the Department during the review of the FY19 budget request.

The Chair of the House Finance Budget Subcommittee for the Department of Environmental Conservation submits a recommended operating budget for FY2019 to the House Finance Committee as follows:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$15,190.0
Designated General Funds (DGF) \$24,511.3
Other Funds \$17,418.7
Federal Funds \$23,070.6
Total \$80,190.6

The Unrestricted General Fund (UGF) difference from the FY2015 Management Plan to the FY2019 House Subcommittee budget recommendation is a reduction of \$7,052.0, a 31.7 percent decrease. The Subcommittee recommendation reflects a total decrease in Unrestricted General Funds of \$107.9, a 0.7 percent reduction from the FY2018 Management Plan.

Positions:
Permanent Full-time 485
Permanent Part-time 0
Temporary 1
Total 486

There were no Governor amendments for the Department of Environmental Conservation.

The Department of Environmental Conservation Budget House Finance Subcommittee did not have any amendments for the Department of Environmental Conservation.

Co-Chair Foster thanked the department, Mr. Painter, and the subcommittee members.

^DEPARTMENT OF HEALTH AND SOCIAL SERVICES

1:51:16 PM

Vice-Chair Gara read the subcommittee report for the Department of Health and Social Services:

The House Finance Budget Subcommittee for the Department of Health and Social Services held 8 meetings with the Department during the review of their FY19 budget request.

The House Finance Budget Subcommittee for the Department of Health and Social Services recommends that the House Finance Committee accept the Department of Health and Social Services' FY19 budget with the following amendment recommendations:

The numbers-only budget with amendment recommendations totals:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$1,147,735.9
Designated General Funds (DGF) \$81,019.1
Other Funds \$122,145.7
Federal Funds \$1,885,967.0
Total \$3,236,867.7

The Unrestricted General Fund difference from FY15 Management Plan to the FY19 House Subcommittee Recommended budget is a reduction of \$103,643.3, a decrease of 8.3 percent.

The Unrestricted General Fund difference from FY19 Governor's Adjusted Budget to the FY19 House Subcommittee

Recommended budget is a decrease of \$17,372.8, a decrease of 1.5 percent.

Positions:

Permanent Full-time 3,417

Permanent Part-time 44

Temporary 76

Total 3,537

Representative Wilson asked why the FY 19 House Subcommittee budget was being used rather than the FY 19 governor's adjusted budget. The committee had been consistent up until the DHSS report. She wondered about the reason for the change. Vice-Chair Gara responded that he had not been reading the other subcommittee reports when they were writing them. He thought people would want to know the long-term budget change. He did not go through the governor's amendments that were adopted.

Co-Chair Seaton asked if they would be in the amendments. Vice-Chair Gara replied that there were a few of the governor's amendments that were adopted and one that was rewritten. Co-Chair Seaton asked if Vice-Chair Gara would be moving the amendments. Vice-Chair Gara responded affirmatively. Co-Chair Seaton indicated that the changes would be discussed at the time the amendments were discussed.

Representative Pruitt noticed a substantial change in looking at the details. He was also curious about the change.

Vice-Chair Gara continued his subcommittee report presentation:

The subcommittee discussed a variety of issues during the meetings, including one amendment proposal that was ultimately withdrawn.

This amendment proposal would have transferred up to \$1.5 million from the Recidivism Reduction Fund to the Alcohol and Other Drug Prevention and Treatment Fund to give the state time to determine how to address future projected shortfalls in the Alcohol Fund. In

the past few fiscal years, appropriations from the Alcohol Fund have exceeded revenue to the fund. The excess appropriations have been covered by a carry forward balance. At current appropriation levels, the carry forward balance will be exhausted in FY 20. This issue will need to be addressed by future legislatures.

The subcommittee made no statutory recommendations.

Co-Chair Seaton interrupted Vice-Chair Gara to take an at ease.

1:57:30 PM

AT EASE

1:58:19 PM

RECONVENED

Co-Chair Seaton relayed that the amendments would be offered in the order in which they were listed.

Vice-Chair Gara MOVED to ADOPT Amendment H HSS 1 and H HSS 10 (copy on file):

Behavioral Health

Designated Evaluation and Treatment

H HSS 1 - 3-year State Matching Funds to Support Hospital-based Mental Health Care (FY 19 - FY 21)

Offered by Representative Gara

In recent years, Alaska has not claimed all of the federal Disproportionate Share Hospitals (DSH) funding to which it is entitled due to a lack of matching funds and federal receipt authority. With a commitment of \$1.9 million in Alaska Comprehensive Health Insurance (ACHI) funds in FY 19, the State would be able to leverage an additional \$1.9 million of federal DSH funds.

Currently, there is a major gap in the Alaska Psychiatric Institute's (API) ability to admit patients, due to its limited capacity of 80 beds. Although API is claiming all of the DSH funding to which it, as Alaska's only public psychiatric hospital, is currently entitled, the State could claim a portion of its unused DSH funds to support other

hospitals and community behavioral health programs that are especially impacted by the lack of treatment beds at API.

Specifically, these additional funds would enhance the capacities of the State's three existing DSH-funded hospital-based mental health treatment programs and provide new financial support to approximately three other hospitals impacted by the lack of treatment beds at API.

These hospitals have been working hard to provide and maintain safe environments for patients who are court-ordered to psychiatric evaluation and treatment at API (or one of the other two Designated Evaluation and Treatment hospitals). Many of these patients are being held for days and sometimes longer in their hospitals' emergency departments awaiting transfer to API.

Services provided would depend on what the hospital and, in some cases, the local community behavioral health center determines makes the most sense for their hospital/community, ranging from physician (including psychiatric) and social work services, additional security guards and substance use or mental health services (assessments, evaluations), to discharge planning and converting emergency rooms to safe rooms, etc., all geared towards providing more appropriate services for the mentally ill and relieving the stress and pressures on emergency departments.

While two other existing hospitals have approved Certificates of Need to expand services to provide treatment for people who would qualify for API admission, these new services will not be online until early 2019 and 2020, and ultimately are not anticipated to meet the existing need. Further, the Department of Health & Social Services has submitted the Section 1115 Behavioral Health Medicaid Waiver application to the Centers for Medicare and Medicaid Services (CMS) which will help increase access to community-based behavioral health services. Service implementation will take multiple years and although it is anticipated to begin in 2020, it will be based on negotiations with and approval by CMS.

This enhanced DSH funding approach would enable the State to help address a demonstrated crisis in the provision of adequate and appropriate hospital-level care for Alaskans experiencing a mental health crisis.

Without additional resources there will continue to be expensive uncompensated care at medical facilities for patients they hold, waiting for API admission.

Medicaid Services

Health Care Medicaid Services

H HSS 10 - 3-year Federal Funding Paired with GF in DBH to Support Hospital-based Mental Health Care (FY19-FY21) Offered by Representative Gara

In recent years, Alaska has not claimed all of the federal DSH funding to which it is entitled due to a lack of matching funds and federal receipt authority. With a commitment of \$1.9 million in Alaska Comprehensive Health Insurance (ACHI) funds in SFY2019, the State would be able to leverage an additional \$1.9 million of federal DSH funds.

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While two other existing hospitals have approved Certificates of Need to expand services to provide treatment for people who would qualify for API admission, these new services will not be online until early 2019 and 2020, and ultimately are not anticipated to meet the existing need. Further, the Department of Health & Social Services has submitted the Section 1115 Behavioral Health Medicaid Waiver application to the Centers for Medicare and Medicaid Services (CMS) which will help increase access to community-based behavioral health services. Service implementation will take multiple years and although it is anticipated to begin in 2020, it will be based on negotiations with and approval by CMS.

This enhanced DSH funding approach would enable the State to help address a demonstrated crisis in the provision of adequate and appropriate hospital-level care for Alaskans experiencing a mental health crisis.

Without additional resources there will continue to be expensive uncompensated care at medical facilities for patients they hold, waiting for API admission.

Representative Wilson OBJECTED for discussion.

Vice-Chair Gara spoke to both amendments. He explained that the state had inadequate capacity at API. What was recommended to be a 140-patient unit was an 80-patient unit. Approximately 10 patients would not be able to be served during retrofits over the following 1 year to 1.5

years. Alaska Psychiatric Unit would be a 70-patient unit. He added that about 10-15 beds would be used by patients going through the criminal justice system - forensic beds. Accounting for those beds, there would be approximately 55 beds available to patients. He indicated that hospitals were ending up housing psychiatric patients. At the Mat-Su Regional Medical Center over 18,000 patient hours were spent in emergency rooms - mostly emergency rooms and some in other rooms. He suggested that most of the care was uncompensated. The patients needed care at a place like API.

Vice-Chair Gara continued that the state had a rebate for Alaska Comprehensive Health Insurance Association (ACHIA) payments. He relayed that \$25 million was rebated from Premera and \$60 million came from the federal government. The state was matching \$1.9 million in returned ACHIA funds with \$1.9 million in general funds for 3 years to bridge between what the state currently had and a fix in 3 years.

Co-Chair Seaton clarified that Vice-Chair Gara was talking about amendments H HSS 1 and H HSS 10. Vice-Chair Gara confirmed he was discussing Amendment H HSS 1 and H HSS 10. He corrected himself. He relayed that the ACHIA funds would match federal DSH funds. Currently, API was using all of the federal DSH funds it could in-house. He explained that DSH funds could also be used to help hospitals expand services, protect patients, and protect workers. He relayed an example where one of the emergency room doctors at the Mat-Su Regional Medical Center indicated she had to protect her stroke patients from someone having a mental health episode. Funds would be granted to rural and urban hospitals to try to address security concerns and help patients waiting to be linked with community services they needed. He thought the unanticipated rebate of ACHIA funds could be very helpful in leveraging unleveraged federal DSH funds.

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Representative Tilton had some questions for the department about the DSH funding. She wanted to understand how the DSH funds came in from the federal government. She wondered if they came in as a lump sum granted out or whether they were given to different hospitals based on the amount of service they provided. She asked for clarification.

Vice-Chair Gara was certain they were not contingent on the amount of services the hospitals provided because the state had \$10 million and was not giving those funds to hospitals currently.

SHAWNDA O'BRIEN, ASSISTANT COMMISSIONER, FINANCE AND MANAGEMENT SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, explained that the state would receive the funds, similar to how it received other federal funds. They were not awarded in a block grant fashion. Instead, the state would receive them to distribute to the hospitals based on the needs of the hospitals and spending. The matching funds would allow the department to take in more funds than it currently received.

Representative Tilton asked if it was a one-to-one match to receive the DSH funds. Ms. O'Brien responded in the affirmative.

Representative Tilton asked if the funds came in as a block grant to the state. Ms. O'Brien responded that it was not received similar to a grant. It was not a set amount of funds received and then dispersed. It was received based on what the state spent or what was available to spend.

Representative Tilton asked if the information about what was needed to be spent came from the hospitals. Ms. O'Brien responded, "That's correct."

Representative Tilton clarified that the hospitals sent the department information based on the number of patients they treated that would qualify under the program. In turn, the department would reimburse the hospital through the DSH funds. Ms. O'Brien responded that it would be similar to what Representative Tilton suggested. She elaborated that things such as uncompensated care would be reimbursed. There were criteria that would apply, although she was not an expert on the subject.

Representative Tilton was wondering because in the amendment the legislature would be getting \$1.9 million for 3 years. She thought the state had the ability to receive \$10 million. She noted Vice-Chair Gara had mentioned API had reached its capacity. She asked if there was a dollar amount that each hospital could receive.

Ms. O'Brien believed the amount being requested in matching funds to the federal funds was an amount the state could reasonable disperse to certain hospitals. There were some capacity issues that could be taken into consideration. The department would not want to have matching funds for the full \$10 million that it was not able to utilize. It was an amount the department thought was reasonable for what it needed to accomplish.

Representative Tilton commented that it was based on usage. She was wondering about the 3-year time period. She asked if it was because of the way it was distributed based on need and usage. Ms. O'Brien responded that it was a conversation the department had with a requestor to determine what was reasonable, what the department could accomplish, and what the needs might be without overestimating costs.

2:07:06 PM

Representative Tilton asked if it would be reasonable to ask for a report from the department that would indicate how much each hospital received, and the number of patients the funds applied to. She was hoping for better information in the future regarding API. Ms. O'Brien believed it would be possible to generate such a report. She was unclear how the department reported the information currently. However, she did not see any reason why something could not be prepared.

Representative Wilson asked about the notion of 3-year funding without intent language. They were dealing with a 1-year operating budget. She thought the request should be in the capital budget. Vice-Chair Gara responded that it was an "INK t - temporary increment.

Representative Wilson understood a temporary increment. However, in the following year, she wondered if there be language regarding 2 additional years. Vice-Chair Gara responded that in the following 2 years the budget would include the funds. He offered that the governor would not necessarily have to follow what the legislature passed. The intention and how it worked in the budget previously, a 3-year project through the operating budget, showed up as a temporary increment. The numbers should show up unless someone deleted them. Future policy makers could do so.

Representative Wilson was not aware the legislature could designate the number of years. She asked if the funds helped API because after 3 years they would have more rooms available. She asked for clarification and commented that it sounded like none of the money would go to API. Ms. O'Brien responded that Representative Wilson was correct. The department believed that in the following several years, through other ongoing efforts, it would be able to address many of the issues it faced presently including not having enough beds or capacity.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H HSS 01 and H HSS 10 were adopted.

2:10:38 PM

Vice-Chair Gara MOVED to ADOPT Amendment GA 4 (copy on file):

Children's Services
Children's Services Management
GA 4 2/14 Establish Children's Services Safety Officer

Recently the Office of Children's Services (OCS) has received an increase in threats to employees and Occupational Safety and Health Administration (OSHA) complaints. OCS Management and Human Resources do all they can to address obvious safety issues and respond to OSHA complaints as they arise, but neither group has the resources to proactively address the issue or the requisite expertise to implement best practices. A dedicated, full-time safety officer who is an expert in workplace safety can help us eliminate or mitigate risks in a cost-effective manner. He or she can: Work with each of OCS' approximately 25 office locations to ensure safety plans are up to date and that all staff are aware of what to do in the event of an emergency in each specific office.

Develop and deliver initial hire safety training to all new employees. Provide periodic refresher training to existing employees.

Investigate formal and informal safety complaints and represent the division in administrative proceedings.

Provide litigation support to the Department of Law when OCS is sued for workplace safety issues.

Participate in Labor-Management Committee meetings. These meetings give front-line employees and their union representatives a voice in OCS safety issues. Giving them such a voice can help management address safety issues at the lowest (and lowest cost) levels possible. They also give employees outlets for safety concerns, which can result in fewer costly formal complaints to agencies like OSHA and AKOSH.

Identify cost effective solutions to safety problems. For instance, inexpensive technology and free administrative fixes can often solve safety problems that would otherwise necessitate building remodels. Experienced safety professionals can readily identify such low or no-cost fixes.

Partner with outside agencies to ensure our workers have adequate resources in the most remote locations. For instance, the position can liaise with local law enforcement agencies and Tribes to make sure our workers have adequate resources and safety plans in rural communities with no SOA offices. Currently, our employees may be stuck with nowhere to seek shelter and safety in the event of a violent threat in such a village.

Coordinate with other SOA Departments who may have resources in remote locations such as office space to sleep in or vehicles to borrow. One of our current problems involves employees being stuck outside in sub-zero temperatures when rides from non-SOA personnel fall through.

Coordinate with Human Resources to ensure accountability with regard to workplace safety.

Be a culture-change champion. It's all too often that we hear senior personnel say "this is what you signed up for" when confronted by an employee about a safety threat. This is likely the biggest barrier to a culture of workplace safety at OCS. This position is our most effective option to tear down that barrier.

FY2019 Governor: \$11,710.5
FY2019 Total Amendments: \$158.6
FY2019 Total: \$11,869.1

Representative Tilton OBJECTED for discussion.

Representative Tilton thought Vice-Chair Gara had mentioned earlier that the amendment had been passed unanimously in subcommittee, and it had not. She reported that it was not passed unanimously.

Vice-Chair Gara apologized for being incorrect on Representative Tilton's point. He explained the amendment. He reported that there had been an increasing number of threats to staff at the Office of Children's Services (OCS) including murder and arson threats. The funding would pay for one statewide safety officer to work with OCS staff to help them protect themselves and to improve safety in the workplace.

Representative Tilton recalled the subcommittee addressing this amendment and thought the position could be absorbed within the department. Vice-Chair Gara responded that in the last 5 years there was an increasing number of youth that were in OCS that paralleled a federal trend. Indiana, for example, had its largest number of youth in foster care which was attributed to the national heroin epidemic. Alaska had its largest number of youth in foster care. He argued that the Office of Children's Services had too high of a caseload to delete a case worker to pay for an OCS safety officer. He suggested the office would be trading from one inadequate area to another inadequate area.

Representative Wilson did not believe anyone was asking to delete a position. Her understanding was that each office was very different and that there were certain kinds of protocols within the office. She argued that she was not looking to delete or add a position.

Vice-Chair Gara relayed that there would be an amendment for 2 specific officers - contract officers at different facilities that did not have protective officers. The person in the position would work on best practices with the agency to protect all workers across the state. He relayed that OCS had made a compelling case for the one officer position to work with all case workers. The person would address practices going into violent situations and

would also address some Occupational Safety and Health Administration (OSHA) complaints against OCS because of the dangers being faced by workers.

Co-Chair Seaton asked if Representative Tilton's objection was to the position or the additional cost. He asked if someone from the department was available to comment. Ms. O'Brien responded that the department had explored the possibility of using an existing position internally to satisfy the need the department felt was necessary. She continued that due to the serious nature of some of the complaints and a current law suit the department faced, she felt it was necessary to request a new position to specifically address the issue across the division.

2:15:59 PM

Representative Wilson asked if the department had training currently for workers about what to expect and when to call on public safety for assistance when going into a potentially dangerous situation. She asked what additional training would be offered with an additional position.

Ms. O'Brien replied that the department received penalties from the Occupational Safety and Health Administration (OSHA). The Occupational Safety and Health Administration provided recommendations and the department paid a fine. The specific position would provide more in-depth training than the ordinary training provided. The specific need in OCS was due to a rising increase in assaults to staff. They were not necessarily taking place in people's homes or away from the office; they were occurring inside the offices. The person in the position would be dedicated to focusing on systemwide issues and working more closely with staff and supervisors in a capacity the department currently did not have.

Representative Tilton MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Grenn, Guttenberg, Kawasaki, Ortiz, Gara, Seaton, Foster

OPPOSED: Pruitt, Thompson, Tilton, Wilson

The MOTION to adopt Amendment GA 4 PASSED (7/4).

Vice-Chair Gara MOVED to ADOPT Amendment GA 5 (copy on file):

Children's Services
Front Line Social Workers
GA 5 2/14 Security Guards for Kenai and Fairbanks

Security guards are needed at Kenai and Fairbanks field offices to respond to child protection workers concern for safety. Recent threats and incidents has led to a growing concern for workers safety. Security guards will be used to prevent crime, maintain security, assist clients and employees, and lead safety meetings and drills.

Currently, the Office of Children's Services maintains security guards in Anchorage, Wasilla, and Juneau. There are no guards in Fairbanks and Kenai at this time.

The Office of Children's Services has been involved in an active Occupational Safety and Health Association (OSHA) complaint as it relates to worker safety in one of these offices. These efforts for the security guards are a part of our efforts to better comply with OSHA standards for worker safety.

FY2019 Governor: \$62,834.6
FY2019 Total Amendments: \$201.0
FY2019 Total: \$63,035.6

Representative Tilton OBJECTED for discussion.

Vice-Chair Gara indicated that the amendment came with the governor's amended budget. There were 2 major offices without security guards, Fairbanks and Kenai. The amendment would add contract security guards to both locations where there had been recent threats. He remarked that there were some smaller rural offices that would not have security guards.

Representative Tilton spoke to her objection. She agreed that security was important to everyone. However, she wondered if the department had looked into other opportunities such as a contract in which security was shared for buildings. She suggested the department could absorb the cost.

Representative Wilson asked whether the positions would be full time or part time.

2:20:42 PM

Vice-Chair Gara believed the positions were full-time. He asked for confirmation from the department. Ms. O'Brien responded that the services would be offered through a contract and the need would be full-time. The positions would require a person to be present in the offices during business hours.

Co-Chair Seaton clarified that no new state employees would be brought online.

Representative Wilson was concerned because the report indicated part-time rather than full-time. She asked how much the state paid the security guards in the state building in Fairbanks. Ms. O'Brien was not aware of the amount.

Representative Wilson was curious to know. She was aware there were security guards hired in the state building. She thought \$100,000 per person was high.

Representative Tilton MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Guttenberg, Kawasaki, Ortiz, Gara, Grenn, Foster, Seaton

OPPOSED: Pruitt, Thompson, Tilton, Wilson

The MOTION to adopt Amendment GA 5 PASSED (7/4).

Vice-Chair Gara MOVED to ADOPT Amendment H HSS 2 (copy on file):

Public Assistance

Senior Benefits Payment Program

H HSS 2 - Defer Funding for the Senior Benefits Payment Program to the Fiscal Note for HB 236/SB 170

Offered by Representative Gara

Funding to extend the Senior Benefits Payment Program (estimated at \$19.986.1 UGF) is expected to be

provided but requires passage of HB 236/SB 170. Therefore, funding is deferred to the fiscal notes associated with the legislation. These funds cannot be provided in the operating budget until a new Senior Benefits bill has passed both houses, as the current statute expires this year. A reauthorization bill has already passed the House.

Representative Tilton OBJECTED for discussion.

Vice-Chair Gara reviewed the amendment. He explained that the House already passed senior benefits legislation. Current law expired on June 30, 2018. He had hoped the Senate would pass the same legislation. However, without the passage of legislation there would not be a senior benefits program the following year. If legislation passed, the funds would be provided with the bill and with a fiscal note that would go into the budget. The legislature could not spend the funding without an appropriation.

Representative Tilton WITHDREW her OBJECTION.

There being NO OBJECTION, H HSS 2 was ADOPTED.

Vice-Chair Gara MOVED to ADOPT Amendment H HSS 3 (copy on file):

Public Assistance
Senior Benefits Payment Program
H HSS 3 - Extend the Senior Benefits Payment Program
Offered by Representative Gara

Wordage: It is the intent of the legislature to fully fund the Senior Benefits Payment Program upon reauthorization during the 2018 legislative session.

Explanation: Extend the Senior Benefits Payment Program

There being NO OBJECTION, H HSS 3 was ADOPTED.

Vice-Chair Gara MOVED to ADOPT Amendment H HSS 4 (copy on file):

Public Assistance
Energy Assistance Program
H HSS 4 - Delete Excess Federal Receipt Authority

Offered by Representative Gara

Delete excess receipt authority.

Representative Wilson OBJECTED for discussion.

Vice-Chair Gara relayed that another amendment asked the department if it had any empty authority funds that it had received from the federal government in the past. He had identified excess federal receipt authority in the amount of \$2.5 million which sat in the budget but was never received by the state. The department agreed that it would not receive the funds. The amendment deleted \$2.5 million of empty authority in the budget.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H HSS 4 was ADOPTED.

2:25:15 PM

Vice-Chair Gara MOVED to ADOPT Amendment H HSS 5 (copy on file):

Public Assistance

Public Assistance Field Services

H HSS 5 - Address Backlog of Public Assistance Applications and Unmanageable Caseloads (FY 19 - FY 21)

Offered by Representative Gara

This amendment replaces the Governor's amendment GA 6 2/14 to add funding and 41 PFT to address the department's application backlog, which has steadily increased since FY 14. It now exceeds 20,000 applications from Alaskans for Public Assistance. This temporary increment (FY 19 - FY 21) will remove the funding from the base budget in FY 22 and allow the legislature to evaluate the effectiveness of the increment.

Testimony indicates new staff require close to a year of training to independently process applications properly. The current effort to use funds to pay overtime to relatively low-paid state employees is leading to a 40 percent burn-out rate for benefit

workers within the first year, which wastes state money.

Representative Tilton OBJECTED for discussion.

Vice-Chair Gara relayed that Amendment H HSS 5 replaced a governor's amended proposal in the governor's amended budget. There was a substantial backlog in Public Benefits. People were waiting an average of 40 days for food stamps from the time they submitted their application. There was an average wait time of 213 day to receive Medicaid. The newer applications were being processed faster. Some of the older applications were more than 3 years old. The long waits were due, in part, to a computer system issue, and in part, to a staffing issue. The department tried using position funds for overtime pay for low paid workers making Range 12-14 salaries. The department found that these workers burned out at exceptional rates. Roughly 35 percent of these workers burned out within 1 year of employment.

Vice-Chair Gara continued that the department warned the legislature in the previous year of the backlog and the need to address it. The governor had submitted a proposal for about \$2.2 million in state funds to match \$2.2 million in federal funds to deal with the backlog into the future. The subcommittee felt that unless the recession continued the department could clear the backlog in 3 years based on the testimony it heard. The subcommittee reduced the governor's proposal to place the funding into the permanent base and to put it in a 3-year temporary increment. The department was hopeful it could reduce and eliminate the bulk of the backlog within 3 years. Currently, over 15,000 applications for food stamps, medical care, or housing benefits needed to be processed. He noted that the Public Benefits section received about \$6 million less than it received in 2015. The division was not adequately funded to be able to process the backlogged applications for food and health care benefits.

[2:28:05 PM](#)

Representative Tilton relayed that the Division of Public Assistance was authorized 287 eligibility technicians in FY 18. Of those technicians, 89 positions had been vacant over the prior 12 months. Currently, there were 44 positions vacant as of January 15, 2018. She had been told by the department that there were 24 positions available in

the subcommittee process. The division had also been given \$500,000 to address their backlog in FY 18. They worked 8,874 hours of overtime that cost \$348,000. The backlog was declining before the use of overtime and was continuing to decline with the status quo. She reported that of the positions they had advertised, they only had 2 positions advertised on Workplace Alaska and most of the positions had been vacant for over 6 months.

Representative Tilton suggested that when the division did its training it was done on a quarterly basis and could take up to a year to fully train a person. Statistics showed that the number of people applying for benefits was starting to decline. She felt there was really no plan in place to clear the backlog. She wanted to see a plan. The money had been put forward without having a plan or reducing the backlog. She thought it was like doing the same thing over and over again and expecting different results.

Vice-Chair Gara responded that the department asked for transfer authority of \$500,000 in the prior year that they were not able to use. He relayed that the reason for the vacant positions was because workers were burning out. The number of Medicaid applications was going up and the backlog was currently over 15,000. He reported that in the prior year the number was 19,000 and the year before that was 17,000. He argued that until there were enough people, the 3-year increment would help get people the food and health care they needed.

Representative Wilson asked how much of the backlog was due to applications processed yearly. She wondered if it was the renewal process or new applications that the state was behind in processing.

Vice-Chair Gara answered that there was a backlog in both renewal and new applications. It took about 40 days for food stamps or the Supplemental Nutrition Assistance Program (SNAP) applications to be processed. Income eligibility verification had to be completed. New Medicaid applications took an average of about 231 days. Someone that walked in with a perfectly completed application would get their application processed timelier. However, the backlog was killing the department and keeping people from receiving benefits. The renewal backlog for Medicaid was about 65 days. For new and existing Medicaid applications

the timeframe was about 231 days. He reported that the renewal applications for SNAP took about 43.4 days and the existing and new applications took about 38.3 days to process. He thought an impact could be made with renewal every 2 years. However, there might be complaints about people receiving benefits from two years prior who were no longer eligible to receive them.

[2:34:04 PM](#)

Representative Wilson asked if applications for the Senior Benefit Program contributed to the backlog. Vice-Chair Gara responded that the Senior Benefit Program was not part of the backlog. The backlog consisted of Adult Public Assistance, Medicaid, Adult Temporary Assistance, and SNAP.

Co-Chair Seaton asked if the Senior Benefits Program had an asset test and an income test. He asked if Snap, Medicaid, and others had both an asset test and an income test. Vice-Chair Gara responded that Senior Benefits did not have an asset test. He was not sure if the others had an asset test.

Representative Wilson was trying to figure out whether things being more computerized was the problem. The applicant had to provide proof. She wondered about time saving measures with a computerized application. She wondered if the computer problem had been solved.

Co-Chair Seaton commented that the committee was getting into the weeds regarding how the agency worked.

Representative Wilson agreed but the issue had to do with hiring 41 new people. She thought if the real problem had to do with the computer system having an issue, it should be addressed. She questioned being able to hire an additional 41 people when 40 positions stood open. She suggested the state would be looking to hire about 80 people. She wondered how adding more positions would solve the problem. Co-Chair Seaton relayed that it was a governor's amendment that was revised to be a temporary allocation rather than part of the base.

Ms. O'Brien asked if Representative Wilson's question was whether the department could process applications faster or more efficiently through a computerized system rather than through hard copy applications. Representative Wilson noted

there had been a comment made about a computer problem that started the problems. If there was a computer problem, had it been solved.

Ms. O'Brien responded that several different types of programs were being addressed through the application process. The Medicaid application, some of which could be submitted electronically through the federally facilitated market place, and the applications for the rest of the programs could be received in paper form. Medicaid had a different eligibility criterion depending on the type of Medicaid a person was applying or eligible for. The amount of work that went into determining eligibility did not only require looking at what information was received, but also required verification of its accuracy. There were interviews that the division employees set up with applicants. Often times applicants had to meet in person with the eligibility workers. New workers were under supervision with their work being verified and validated outside the process in addition to the regular ongoing day-to-day activities. The Medicaid computer system, Alaska's Resource for Integrated Eligibility Services (ARIES), was currently functional. She reported some difficulties in the implementation of the system. The department employees were working out of 2 separate systems including ARIES and the Eligibility Information System (EIS) to manage the other programs. Until the department was able to finish developing the system, which was currently in the midst of a procurement process, the department would continue to work out of 2 systems. It was causing some of the extra workload for staff.

Representative Tilton understood that some of the backlog was for new applications, but for the most part they were processed within about 7 days as long as all of the requirements were met. She thought some of the backlog had to do with incomplete applications. She asked how much of the backlog fell into that category.

Ms. O'Brien thought the director of Public Assistance was working on the data. She responded that about 54 percent of applications received were rejected for eligibility of the benefit. In addition to receiving the applications, not all of the applicants ended up being recipients.

[2:40:44 PM](#)

Representative Tilton asked about the number of Alaskans receiving Public Assistance. She thought the subcommittee was told that the numbers had decreased. She had some statistics showing the number of people receiving Public Assistance in October 2017 was 225,134. In December 2017 the number decreased to 223,074, a decrease of 2,060 people using Medicaid.

Ms. O'Brien responded that sometimes the point-in-time information was deceiving. She relayed that the numbers would change depending on where the department was at with applications. The numbers would change due to the backlog. Retroactive eligibility would change the numbers. She thought that if Representative Tilton looked at the numbers for December in the present day, they might look much different because of the retroactivity. Also, she noted that point-in-time information did not account for the duplication of eligible persons. A person could be eligible and then recertified and considered eligible again. Often times when looking at point-in-time information, it might skew how things were viewed. She thought looking at past years or unduplicated information provided a better picture of the total population being served.

Vice-Chair Gara had annual numbers from the department indicated that Medicaid numbers were going up. The numbers rose in 2016, 2017, 2018, and was projected to increase in 2019. He noted that when an economy was in recession there would be more people on Medicaid. It was a measure of how the economy was doing. In terms of the positions the governor proposed, he suggested that the case loads would return to the levels the eligibility workers had in 2015.

Representative Tilton MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Kawasaki, Ortiz, Gara, Guttenberg, Seaton, Foster

OPPOSED: Pruitt, Thompson, Tilton, Wilson, Grenn

The MOTION to adopt H HSS 5 PASSED (6/5).

Vice-Chair Gara MOVED to ADOPT Amendment H HSS 6 (copy on file):

Public Assistance

Women, Infants and Children
H HSS 6 - Delete Excess Statutory Designated Program
Receipt and Federal Authority
Offered by Representative Gara

Delete excess receipt authority

There being NO OBJECTION, Amendment H HSS 6 was ADOPTED.

[2:44:13 PM](#)

Vice-Chair Gara MOVED to ADOPT Amendment H HSS 7 (copy on file):

Departmental Support Services
Commissioner's Office
H HSS 7 - Delete Dept-level Conditional Language
Allowing Transfer of \$25 Million Between
Appropriations in HB 285 Offered by Representative
Gara

Wordage: Delete Department Level Conditional Wordage
in the Mental Health Budget HB 285:

"At the discretion of the Commissioner of the
Department of Health and Social Services, up to
\$25,000,000 may be transferred between all
appropriations in the Department of Health and Social
Services."

Explanation: This language is already in the operating
budget, HB 286. To avoid any confusion that the
Department has \$50 million (\$25 million twice) in
authority to transfer between appropriations, the
subcommittee recommends deleting this duplicative
authority from the Mental Health Budget.

Representative Tilton OBJECTED for discussion.

Vice-Chair Gara relayed that DHSS was the largest
department in the state. When Sean Parnell was governor,
the legislature gave \$50 million to the department to move
between the divisions. He explained that there were a
number of benefits that people were statutorily entitled
to. It was unknown in any year how many people would apply
for any one benefit. The amendment deleted \$25 million of
the transfer authority that was in the mental health
budget. He thought the intention was that \$25 million of

transfer authority. It showed up in both the mental health budget and in the operating budget.

Representative Tilton WITHDREW her OBJECTION.

Representative Wilson OBJECTED.

Representative Wilson asked if it had to do with the \$17 million Vice-Chair Gara was going to bring up in an amendment. Vice-Chair Gara responded in the negative. He clarified that the intention of the subcommittee was to retain \$25 million of transfer authority within the operating budget, but not an additional \$25 million of transfer authority within the mental health budget. The portion in the mental health budget was being deleted.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H HSS 7 was ADOPTED.

Vice-Chair Gara MOVED to ADOPT Amendment H HSS 8 (copy on file):

Departmental Support Services
Commissioner's Office
H HSS 8 - Reduce Excess Receipt Authority
Offered by Representative Gara

Wordage: It is the intent of the legislature that the department review fund sources in all allocations and reduce excess receipt authority where the department believes the collection of receipts is not achievable.

Explanation: Reduce excess receipt authority.

Representative Wilson OBJECTED for discussion.

Vice-Chair Gara read the amendment (see above). The department would be working on their review during the interim.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H HSS 8 was ADOPTED.

Vice-Chair Gara MOVED to ADOPT Amendment H HSS 9 (copy on file):

Medicaid Services

Behavioral Health Medicaid Services

H HSS 9 - One-Time Funding for Study on Improving Alaska's Capacity to Treat Defendants with Acute Mental Health Needs Offered by Representative Gara

Funds will match existing MHTAAR to conduct a study to determine whether Alaska needs a forensic hospital or facilities apart from API for forensic services.

Representative Wilson OBJECTED for discussion.

Vice-Chair Gara conveyed that the amendment involved matching funds that the CEO of the Alaska Mental Health Trust Authority was recommending to his board. The money was Mental Health Trust Authority Authorized Receipts (MHTARR) to match general fund money in the amount of \$159,000. The state was not adequately prepared to treat people with psychiatric conditions. The Alaska Psychiatric Institute was not large enough. There was one study being conducted about how to expand API. However, the study did not account for the people at API that were involved in criminal issues - forensic patients. The study in the amendment would look for capacity outside of API to move the forensic patients separating them from patients that had not committed crimes. The study would also address the lack of spaces necessary for those needing services.

Co-Chair Seaton invited Mr. Teal to the table to explain the amendment further.

[2:49:32 PM](#)

DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION, relayed that the subcommittee report contained Amendment H HSS 9 which added \$159,000 of general funds mental health money to the medical services appropriation. The intent of adding the money was to match the \$159,000 of GF mental health money that was already in the appropriation to complete a study. However, the MHTARR money in Medicaid services was not intended for a study. It was intended for other services. During the subcommittee hearings, the AMHTA CEO, Mike Abbott, testified that he was supportive of using the \$159,000 for the study and expected the trustees would be as well. He continued that the subcommittee or the

legislature was not getting out in front of the board, rather, the board would not be meeting until after session was adjourned. They could not formally agree but have informally noted they supported the study. His problem was that as a change was made from providing services to performing a study, it meant that both allocations should be moved from the Medicaid appropriation to the behavioral health appropriation under the behavioral health administration component. There was not an amendment moving the money to the proper appropriation. It could be done in the current amendment or in round two of the amendment process. Either way, he opined that the money should be placed where it belonged rather than where it currently resided.

[2:51:52 PM](#)

AT EASE

[2:52:18 PM](#)

RECONVENED

Co-Chair Seaton asked Mr. Teal to explain what was needed. Mr. Teal suggested that assuming the committee approved the amendment and wanted the study performed, there was a concern that the money was in the wrong place. If the committee voted on the amendment and assuming it passed, then the committee could either make a verbal amendment or wait for round two to introduce a more formal amendment.

Representative Wilson suggested \$159,000 was already in the budget and was intended to help people. If the funding was removed and inserted somewhere else, she wondered if there would be a hole in the budget. Mr. Teal responded that it would remove funding for other services.

Vice-Chair Gara noted that the AMHTA CEO relayed that the \$159,000 was originally going to be used for administration but felt the funds would better serve their beneficiaries by using them for a study on how to address people with psychiatric conditions. The trust authority did not expect a decline in services.

Co-Chair Seaton asked if Vice-Chair Gara wanted to make a conceptual amendment to Amendment H HSS 9. He thought the funds should be in behavioral health administration. Mr. Teal agreed. However, the current amendment would only move \$159,000 of mental health monies. Both fund sources would

need to be moved to the behavioral health appropriation. Co-Chair Seaton thought the amendment was complex. He wanted to have the amendment withdrawn and offered with correct language in the second round of amendments.

Vice-Chair Gara WITHDREW Amendment H HSS 9.

Vice-Chair Gara relayed that Amendment H HSS 10 had already been adopted and there were no other amendments. He noted that the only other thing that was not discussed was the reduction of \$17 million from the budget. He explained that it was due to the senior benefit funds, nearly \$19 million, which had to be adopted by the Senate in a senior benefits bill.

Representative Wilson thanked Vice-Chair Gara for the information.

Representative Pruitt commented that the information was important to be aware of. Once \$19 million was added it would reflect an increase to the budget. He clarified that it would be an increase. Representative Wilson added, "Of 1.5 percent."

Co-Chair Seaton invited Representative Grenn to give the subcommittee report for the Department of Law.

^DEPARTMENT OF LAW

[2:57:23 PM](#)

Representative Grenn read the subcommittee report:

Subcommittee Meetings:

The House Finance Budget Subcommittee for the Department of Law held three meetings with the Department during the review of the FY 19 budget request.

Recommendations:

The House Finance Budget Subcommittee for the Department of Law recommends that the House Finance Committee accept the Governor's FY 19 amended budget for the Department of Law and the subcommittee amendment proposals.

The numbers-only budget with amendment recommendations totals:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$50,646.3
Designated General Funds (DGF) \$2,870.2
Other Funds \$31,309.2
Federal Funds \$1,492.4
Total \$86,318.1

The Unrestricted General Fund difference from the FY 15 Management Plan to the FY 19 House Subcommittee budget recommendation is a reduction of \$8,629.0, a 14.6 percent decrease. From the FY 18 Management Plan, the House Subcommittee recommendation reflects a total increase in Unrestricted General Funds of \$1,486.7 a 3 percent increase.

Positions:

Permanent Full-time 501
Permanent Part-time 0
Temporary 0
Total 501

Representative Grenn relayed that the subcommittee made no statutory recommendations and made two amendment recommendations. He concluded his report for the Department of Law.

[2:59:01 PM](#)

Representative Grenn MOVED to ADOPT Amendment H LAW 1 (copy on file):

Criminal Division
Third Judicial District: Anchorage
H LAW 1 - Fully fund one prosecutor position added in FY 18 (Position was partially funded in FY 18)
Offered by Representative Grenn

Due to budget cuts, the Department of Law's Criminal division has had a decreased ability to prosecute cases. There was an effort to add two prosecutors in FY 18, this addition adds the funds needed to fully support the addition of two prosecutors and the

support staff needed for the criminal division to increase its ability to effectively prosecute more cases.

Representative Pruitt OBJECTED for discussion.

Representative Grenn read the amendment (see above).

Representative Pruitt wanted to know the initial change from the Governor's Amended budget to the FY 18 management plan regarding the criminal division and the prosecutors.

Representative Grenn called on the department to testify. He thought Representative Pruitt's question had to do with the safety action plan that the governor was proposing within the Department of Law.

DAN SPENCER, DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF LAW, asked Representative Pruitt to clarify his question.

Representative Pruitt repeated his question. He thought the intent was to increase the number of prosecutors and staff. He asked about the difference between the budget versions. He wondered about the \$81,000 and its impact.

Mr. Spencer provided some background information from the budget process in the prior year. The House Finance Committee adopted an increase of \$325,000 to fund 2 additional prosecutors. It did not add additional positions. The conference committee reduced the amount under the assumption that the department could not fill both positions for the entire year which was correct. The amendment would restore the funding that had been cut by the conference committee in the previous year. The department was using existing positions, one of which had already been filled. The department was currently in the process of filling the second position which would be filled and fully funding through FY 19.

Representative Wilson asked what the department did with the extra money. It sounded like the department had funding for 1.5 people. Mr. Spencer indicated the department was trying to hire the position currently.

Representative Wilson asked about the short funding. She suggested the department started with \$325,000 which was

reduced by \$81,000. The department was asking that the \$81,000 be restored. Mr. Spencer responded that the funding was given in FY 18. The funding being requested would apply in FY 19.

Representative Wilson suggested two positions were added in the prior year but only one of them was filled. Mr. Spencer relayed that no positions were added. The department was using existing unfilled positions.

Co-Chair Seaton clarified that the positions were existing and unfilled. Mr. Spenser responded, "That's correct." One of the positions was coming from another division.

Representative Pruitt WITHDREW his OBJECTION.

Representative Wilson OBJECTED.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Ortiz, Pruitt, Thompson, Gara, Grenn, Guttenberg,
Kawasaki, Foster, Seaton
OPPOSED: Tilton, Wilson

The MOTION TO ADOPT Amendment H LAW 1 PASSED (9/2).

[3:04:59 PM](#)

Representative Grenn MOVED to ADOPT Amendment H LAW 2 (copy on file):

Civil Division
Commercial and Fair Business
H LAW 2 - Increment to add one attorney to the Civil Division, Commercial and Fair Business section.
Offered by Representative Grenn

This amendment adds one attorney position with \$187.0 UGF funding to the Consumer Protections (CP) unit. This unit, currently staffed with only two attorneys, pursues violations of state consumer protection statutes. Beyond protecting the public from illegal actions, the unit recovers money from settlements and other legal matters. An additional attorney will increase the unit's ability to pursue consumer

protections and may even pay for itself as a result of increased recoveries.

Representative Wilson OBJECTED for discussion.

Representative Grenn read the amendment (see above).

Representative Grenn reported that the amendment passed 5/2 in the subcommittee.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Thompson, Gara, Grenn, Guttenberg, Kawasaki, Ortiz, Seaton, Foster

OPPOSED: Pruitt, Tilton, Wilson

The MOTION to adopt Amendment H LAW 2 PASSED (8/3).

Co-Chair Seaton conveyed that the committee would be taking a 5-minute break.

[3:07:18 PM](#)

AT EASE

[3:15:55 PM](#)

RECONVENED

^DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

[3:16:00 PM](#)

Representative Kawasaki read the subcommittee report:

The House Finance Budget Subcommittee for the Department of Military and Veterans' Affairs held 4 meetings with the Department of Military and Veterans' Affairs during the review of the FY19 budget request.

The House Finance Budget Subcommittee for the Department of Military and Veterans' Affairs recommends that the House Finance Committee accept the Governor's FY19 Budget and 3 subcommittee amendment proposals:

The numbers-only budget with amendment recommendations totals:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$16,653.6
Designated General Funds (DGF) 28.4
Other Funds 10,195.4
Federal Funds 30,691.5
Total \$57,568.9

The Unrestricted General Fund difference from FY15 Management Plan to the FY19 House Subcommittee Recommended budget is a reduction of \$7,536.0, a decrease of 31.2 percent.

The Unrestricted General Fund difference from FY18 Management Plan to the FY19 House Subcommittee Recommended budget is an increase of \$304.2, an increase of 1.9 percent.

Positions:
Permanent Full-time 277
Permanent Part-time 2
Temporary 0
Total 279

The Governor did not submit any amendments for this agency.

Representative Kawasaki concluded his report by thanking the Department of Military and Veterans Affairs including, Commissioner Laurie Hummel, Deputy Commissioner Bob Dole, Brian Duffy, and Ron Clark. He also thanked Lacey Sanders from the Legislative Finance Division.

Representative Wilson asked about the \$304,000 increase between FY 18 and FY 19. Representative Kawasaki responded that there was a special assistant position within the agency for \$164,000. There were also positions that changed because of the C-17 changes. There was maintenance money added to the budget.

Representative Kawasaki MOVED to ADOPT Amendment H MVA 1 (copy on file):

Military and Veterans' Affairs
Office of the Commissioner

H MVA 1 - Decrement funding to Expand the Alaska State Defense Force for Rural Engagement
Offered by Representative Kawasaki

This amendment deletes \$210.9 UGF from the Governor's FY 19 request for the expansion of the Alaska State Defense Force. Because of the limited amount of revenue for FY 19 and the state's uncertain fiscal future, the legislature does not wish to use state funds to expand the Alaska State Defense Force at this time.

Representative Wilson OBJECTED for discussion.

Representative Kawasaki reported that the committee had seen the amendment several times in the prior 2 years. It would expand the Alaska State Defense Force. During the state's uncertain fiscal times the subcommittee felt it was unwise to forward the amendment. It did not preclude the Alaska State Defense Force from requesting funds in the future. They would continue on with status quo funding. The amendment passed 6/1 in the subcommittee.

Representative Wilson WITHDREW her OBJECTION.

Co-Chair Foster OBJECTED.

Co-Chair Foster supported the program.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Wilson, Gara, Grenn, Guttenberg, Kawasaki,
Ortiz, Pruitt, Tilton, Seaton
OPPOSED: Foster

Representative Thompson was absent from the vote.

The MOTION to adopt Amendment H MVA 1 PASSED (9/1).

3:21:41 PM
AT EASE

3:22:37 PM
RECONVENED

Representative Kawasaki MOVED to ADOPT Amendment H MVA 2 (copy on file):

Military and Veterans' Affairs

Veterans' Services

H MVA 2 - Reduce UGF that is replaced by a Federal Grant Offered by Representative Kawasaki

The Department of Military and Veterans' Affairs received an increase to their federal State Administrative Agency grant award to pay for a program manager position and its associated costs. The position was previously paid for with UGF and that funding was maintained in the Veterans' Services base budget. This amendment deletes \$100.0 of UGF for the costs that are now being covered through federal grants.

Representative Wilson OBJECTED for discussion.

Representative Kawasaki explained that during the testimony and analysis on the budget the subcommittee found that DMVA had received an increment to a state administrative agency grant award in the amount of about \$100,000 for a program manager and associated costs including the 4-person office of Veteran's Affairs. Since the department received an agency grant increment, the subcommittee felt that the undesignated general fund support could be removed. Since that time, the subcommittees received additional detail including the fact that the average veteran's service officer workload was increasing about 3700 veterans per year. The numbers were expected to increase further in the following year. In addition, the grant increase only covered the cost incurred for the federal fiscal year which ended on September 30, 2018. Presently, he recommended that members vote against Amendment H MVA 2.

Representative Wilson suggested that the grants for veterans' service offices came from several different agencies. She asked if the grant would only apply for the next couple of months into the state's fiscal year. Representative Kawasaki responded in the affirmative. The amendment passed 4/3 in subcommittee. He reiterated his opposition to the amendment.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: None

OPPOSED: Gara, Grenn, Guttenberg, Kawasaki, Ortiz, Pruitt, Tilton, Wilson, Foster, Seaton

Representative Thompson was absent from the vote.

The MOTION to adopt Amendment H MVA 2 FAILED (0/10).

Representative Kawasaki MOVED to ADOPT Amendment H MVA 3 (copy on file):

Alaska Aerospace Corporation
H MVA 3 - Legislative Intent for Receiving a Options
for a Return of Investment for the Alaska Aerospace
Corporation Offered by Representative Kawasaki

Wordage: It is the intent of the legislature that the Department of Military and Veterans' Affairs and the Alaska Aerospace Corporation develop options to realize a return from the State's investment in the Alaska Aerospace Corporation and the associated State assets. The Department of Military and Veterans' Affairs shall submit a preliminary summary of the options and any relevant statute revisions to the House and Senate Finance Committees and to the Legislative Finance Division by September 30, 2018 and a final summary being submitted to the same committees by December 1, 2018.

Explanation: The state is experiencing a fiscal crisis and should begin to realize returns on its investment in the Alaska Aerospace Corporation.

Representative Wilson OBJECTED for discussion.

Representative Kawasaki explained that the amendment was intent language for the Alaska Aerospace Corporation. The language would request that the corporation develop options to return state investment in the from of dividends or some other sort of asset. The Department of Military and Veterans Affairs mentioned that at a recent meeting the Alaska Aerospace Development Corporation had started to develop options and was moving towards the idea of investments. Investments and future earnings would be

deposited into the general fund. He thought the amendment was in line with what DMVA was already doing. The intent language passed 6/1 in the subcommittee process.

Representative Wilson asked whether DMVA would keep track. She also asked about a repayment figure. Representative Kawasaki responded that the state had invested over \$80 million from the inception of the Alaska Aerospace Corporation. The figure included several general fund increments added into the budget between 2010-2013.

[3:27:09 PM](#)

Representative Wilson asked how much had been paid back to-date. Representative Kawasaki responded that they did not have statutory authority to pay any dividends back. In the previous session, the subcommittee had recommended that the legislature create statutes to allow them to do so. The board seemed to be pursuing the issue as a board mandate. He thought they would require statutory changes in the end.

Representative Wilson asked if they could still pay back the general fund without having to pay it in the form of dividends. Representative Kawasaki thought the board was currently discussing paying back into the general fund. They would need further statutory changes. They would submit statute revisions necessary for them to comply with providing dividends similar to the Alaska Railroad Corporation or other public corporations or entities in the state.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, H MVA 3 was ADOPTED.

^DEPARTMENT OF NATURAL RESOURCES

[3:28:51 PM](#)

Representative Guttenberg read the report of the Department of Natural Resources:

The House Finance Budget Subcommittee for the Department of Natural Resources held ten meetings with the department during the review of the FY19 budget request.

The Chair of the House Finance Budget Subcommittee for the Department of Natural Resources recommends that the House Finance Committee accept the Department of Natural Resources FY19 Amended Budget with further amendment(s):

The budget with amendment totals:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF) \$57,683.3

Designated General Funds (DGF) \$32,793.3

Other Funds \$35,775.5

Federal Funds \$16,644.3

Total \$142,896.4

The Unrestricted General Fund difference from FY15 Management Plan to the FY19 House Subcommittee Recommended budget is a reduction of \$28.972 million, a decrease of 33.4 percent.

Positions:

Permanent Full-time 625

Permanent Part-time 215

Temporary 62

Total 902

The Subcommittee discussed a variety of issues during the meetings. Those that I have not put forward for consideration by the House Finance Committee include, but are not limited to:

1. An amendment proposal was discussed that would have reduced funding for oil & Gas in the allocation to match FY17 actual spending under 1108, adjusted for inflation of 2.2 percent.

2. An amendment proposal was viewed but not discussed that would have increased Fire Preparedness by \$700,000 Funds to cover the increased costs of aviation contracts for air tankers and helicopters necessary to be prepared to fight fires.

Representative Guttenberg MOVED to ADOPT Amendment GA 7 (copy on file):

Administration & Support Services

Office of Project Management & Permitting
GA 7 2/14 Alaska Geospatial Council

The Alaska Geospatial Council (AGC) was established through a Memorandum of Agreement between six state departments and the University of Alaska and endorsed by Governor Walker in July 2015. Since that date, additional members have been annexed to include federal and local governments and Alaska Native representation. The AGC is led by the Alaska Department of Natural Resources, and its purpose is to:

- Modernize Alaska's geospatial holdings and infrastructure;
- Eliminate redundant expenditures and unnecessary staff activity across all SOA business units;
- Foster data sharing while making geospatial data broadly available, and;
- Implement the Alaska Geospatial Strategic Plan.

The Alaska Geospatial Council has been funded by a capital project that will exhaust all funds by March 2019. This increment will allow the council and its services to continue through the end of FY Senator 19. If this program ends the state and the public will lose access to a large amount of geospatial information. This information is used by pilots for updated elevation data (safety), updating flood plain information (safety), marketing Alaska's resource, and other governmental, recreational and industrial applications.

This increment will primarily maintain access to statewide satellite imagery, which is one of the seven core data layers the AGC provides access to. During the first five months of the current contract with GeoNorth there have been an average of 2.5 million digital data requests a month from 1,500 unique users who downloaded an average of 127 GB of data per month. This is a heavily used dataset and maintaining access to it is crucial.

This increment will fund four months of the coordinator's salary for the Alaska Geographic Information Officer, the principal representative of the Alaska Geospatial Council, and continue

contractual services for the distribution of satellite imagery for the unfunded portion of FY 19.

As capital funds will run out halfway through FY 19, an increment estimated to be \$400.0 will be considered to maintain these efforts in the FY 20 budget.

FY 19 Governor: \$6,299.8
FY 19 Total Amendments: \$100.0
FY 19 Total: \$6,399.8

Representative Wilson OBJECTED for discussion.

Representative Guttenberg read the amendment (see above).

Representative Wilson asked about a user fee, being that the area was heavily used. Representative Guttenberg responded that the question was raised in committee. Anyone had access to the information. It was not restricted. The state was unaware of who was using it or how much was being used. It was simply available to the public.

Representative Wilson asked if they could charge a user fee. Representative Guttenberg deferred to the department.

[3:34:31 PM](#)

STEVE MASTERMAN, DIRECTOR, GEOLOGICAL AND GEOPHYSICAL SURVEYS (via teleconference), responded that the division was actively looking at the issue in discussions around this increment with the Office of Management and Budget (OMB). They asked DNR to begin the process of becoming a revenue generating source of state government in some fashion. The department was beginning the task of becoming revenue generating. He thought they would be making progress within the following couple of years.

Representative Wilson remarked that she hoped the department could do it before the following year.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Grenn, Guttenberg, Kawasaki, Ortiz, Gara, Seaton, Foster
OPPOSED: Pruitt, Tilton, Wilson

Representative Thompson was absent from the vote.

The MOTION to adopt Amendment GA 7 PASSED (7/3).

Representative Guttenberg MOVED to ADOPT Amendment H DNR 1 (copy on file):

Administration & Support Services
Office of Project Management & Permitting
H DNR 1 - Reduce Compensatory Mitigation Program
Offered by Representative Guttenberg

As of 2/15/18, the department had spent \$26,136 of the \$200,000 appropriated in the FY 18 operating budget for compensatory mitigation program in OPMP, leaving an unspent amount of \$173,864.

DNR estimates spending another \$50,000 of the appropriation before the end of FY 18 and acknowledges that they do not need \$200,000 for the compensatory mitigation program in FY 19.

This amendment reduces the base budget amount from \$200,000 to \$100,000.

Representative Wilson OBJECTED for discussion.

Representative Guttenberg presented the amendment (see above).

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H DNR 1 was ADOPTED.

[3:37:07 PM](#)

Representative Guttenberg MOVED to ADOPT Amendment H DNR 2 (copy on file):

Administration & Support Services
Mental Health Trust Lands Administration
H DNR 2 - Increase Mental Health Trust Land Office Budget Offered by Representative Guttenberg

The Mental Health Trust requested a \$355.2 increase to the Land Office budget in FY 19 from the FY 18 level,

which was not included in the Governor's budget. This amendment grants that increase, less \$29.0 that was for merit increases.

Representative Wilson OBJECTED for discussion.

Representative Guttenberg reviewed the amendment (see above).

Co-Chair Seaton clarified that the legislature had tried to reduce merit increases throughout the budget.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H DNR 2 was ADOPTED.

Representative Guttenberg MOVED to ADOPT Amendment H DNR 3 (copy on file):

Fire Suppression, Land & Water Resources
Mining, Land & Water H DNR 3 - Restore Northern Region
Permits Position.
Offered by Representative Guttenberg

Add back \$107.0 and 1 PFT position for Northern Region
Permits and Easements, which were deleted in the
Governor's budget. Retaining this position will reduce
the backlog of permits.

Representative Wilson OBJECTED for discussion.

Representative Guttenberg read the amendment (see above). He had received emails from someone with a long-term lease who had been paying year-to-year lease fees. They had tried to purchase the property they were on. When the constituent had contacted the department to facilitate the transfer into the private sector, he was told that there were 100 people in the backlog. The position was part of the operation that they were deleting within the department. There was a backlog of people trying to obtain permits and land transfers into private ownership. The subcommittee thought that it was part of the state's core mission. The amendment would restore a position being deleted.

Representative Wilson asked why the governor removed it.

[3:40:33 PM](#)

BRENT GOODRUM, DEPARTMENT OF NATURAL RESOURCES, DIVISION OF MINING, LAND, AND WATER, ANCHORAGE (via teleconference), responded that there were many difficult decisions to be made. The division had considered eliminating this particular position. He reported that there were over 100 permit and easement applications for the use of state lands in the Northern regional office to be processed. The reinstatement of the position would allow the division to process 40 authorizations per year helping to grow the economy. He anticipated positive results from the reinstatement of the position.

Representative Wilson asked why the governor proposed the position's deletion. She wondered if the position was currently filled. Mr. Goodrum responded that the position was currently vacant. It had been filled in the previous fiscal year. He reported that it was a time in which many difficult decisions had to be made. Representative Guttenberg was offering a way to help maintain and continue to reduce permit backlog.

Representative Wilson asked when the position was filled last. Mr. Brent responded that it had been vacated about 8 months.

Representative Wilson assumed he was having a difficult time filling the position. She asked why the position had not been filled. Mr. Brent replied that agencies had to manage vacancy backlog. The department's budget process began in July and August and the position was being considered for reduction. Until the budget process was completed, it was not prudent to hire someone into a position potentially being cut.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Guttenberg, Kawasaki, Ortiz, Gara, Grenn, Foster Seaton

OPPOSED: Pruitt, Tilton, Wilson

Representative Thompson was absent from the vote.

The MOTION PASSED (7/3). Amendment H DNR 3 was ADOPTED.

3:44:45 PM

Representative Guttenberg MOVED to ADOPT Amendment H DNR 4 (copy on file):

Parks & Outdoor Recreation
Parks Management & Access
H DNR 4 - Add Grants Administrator for Pittman-Robertson Fund (IncT FY19-21)
Offered by Representative Guttenberg

The amount of federal Pittman-Robertson funding has increased significantly, and the Division of Parks and Outdoor Recreation has become increasingly involved in finding and administering eligible projects. This amendment adds a non-permanent Grant Administrator I position, to be funded with Vehicle Rental Tax receipts and Pittman-Robertson funds (through the Department of Fish and Game).

Representative Wilson OBJECTED for discussion.

Representative Guttenberg read the amendment (see above).

Co-Chair Seaton clarified that the grant administrator position would coordinate between non-profits and municipalities, entities that could potentially supply match funding for federal receipts of a 3:1 match.

Representative Wilson asked about the internal agency (IA) receipts from the Department of Fish and Game and whether they were Pittman-Robertson funds or general fund dollars. She also wondered why vehicle tax money was being used. Representative Guttenberg deferred to the department about specifics. He had asked if the funds were available, which was confirmed.

Co-Chair Seaton clarified that it was a 3:1 match including the administrative position. The position was paid with one-quarter state funding and three-quarters federal Pittman-Robertson funding.

3:47:33 PM

FABIENNE PETER-CONTESSÉ, DIRECTOR OF ADMINISTRATIVE SUPPORT SERVICES, DEPARTMENT OF NATURAL RESOURCES, confirmed that funding from DFG would consist of 75 percent Pittman-Robertson funds and 25 percent vehicle rental tax receipts.

The vehicle rental tax receipts were determined to be the appropriate match by the Legislative Finance Division (LFD). She indicated Alexie Painter was in the room if members had specific questions about the fund source.

Representative Wilson asked about rental cars as they related to parks and recreation.

3:48:39 PM

ALEXEI PAINTER, ANALYST, LEGISLATIVE FINANCE DIVISION, explained that vehicle rental taxes were currently spent in multiple departments including the Department of Transportation and Public Facilities (DOT), the Department of Commerce, Community and Economic Development (DCCED), and the Department of Natural Resources (DNR) in the Division of Parks and Recreation. Historically, when there had been increases in vehicle rental tax receipts including in FY 17, the money would be distributed to all three departments. There was concern that the increment was a one-time increase in FY 17 and that it might not last. Rather than distributing it, about \$3 million remained available for use. Funding the position was determined to be a reasonable use of surplus funds.

Representative Wilson did not think it was a reasonable idea to use the funds. The money was available, so it was being used. Mr. Painter responded that the split between the departments was not even. He could not explain the methodology used to determine the split, a previous House Finance Chairman designed the split. He believed the statute designated the fund for tourism and other purposes. He thought Representative Grenn was the expert because of his pending legislation.

Representative Wilson asked if Mr. Painter was comfortable with the time span of 3 years. Mr. Painter replied that part of the increase was temporary. There were some payments bundled into 1 year. It was expected that the funds would not last. There was about \$1.6 million collected in FY 16 that was used in the capital budget. That amount was likely sustainable going forward. He added that \$21,000 would not make a large dent in the fund.

Representative Wilson would be maintaining her objection. She indicated that the position was a 3-year temporary position, which she thought would be difficult to fill. She

was unsure about using vehicle tax money for the amendment. She thought the position should be a permanent full-time position.

Co-Chair Seaton added that the Pittman-Robertson funds had to be used on hunter or wildlife viewing. He elaborated that wildlife viewing would satisfy the tourism related requirement necessary to use the vehicle tax funding. It made sense because the state was anticipating 20 percent more visitors in Alaska.

Representative Wilson asked how the state was paying the person. The person would not be doing the viewing, they would be writing a grant. As she understood, the IA receipts including the Pittman-Robertson funds and the vehicle tax. Co-Chair Seaton responded that it was not a grant writer, but a grant administrator for the projects that included trails and wildlife viewing. The position would be eligible for a 75 percent federal match.

[3:53:16 PM](#)

Representative Pruitt understood that the original vehicle rental tax was supposed to be used for tourism marketing. He relayed that when the legislature increased the fees a couple of years prior, the intent was to use the fees collected for matching Pittman-Robertson funds. He thought the amendment spoke to how the state's budget was difficult to understand and track. Instead of the legislature using the funds for the intended purposes, the amendment was changing how the funds would be used. He wondered where the receipts from licenses and tag fees were being spent.

Ms. Peter-Contesse responded that she could not speak for the Department of Fish and Game budget. However, the fish and game which benefited from the license increases had sideboards that other types of match did not. For instance, fish and game funds had to be used specifically for hunter or angler access. The reason DNR was involved with the issue was because if it could find other types of match not related to fish and game, the department could expand the use of Pittman-Robertson funds to things such as trail access for wildlife viewing. The idea was to get access to the 3:1 match instead of using specific fish and game funds. The proposal was for DNR to work in concert with DFG to maximize the use of federal dollars.

3:56:07 PM

Representative Pruitt asked if the legislature needed to change statute in order to remove DFG fund sideboards which would allow the department to use the funds for things the state parks wanted such as wildlife viewing.

Ms. Peter-Contesse thought there was a federal requirement in the Pittman-Robertson and Dingle-Johnson acts that required a fish and game fund not to be used for anything besides hunter and angler access. However, she was not an expert on fish and game funds. She believed if the legislature tried to change statute diverting those funds, the state would risk losing Pittman-Robertson and Dingle-Johnson funding.

Representative Pruitt commented that when he had directed his questions to DFG they had not responded clearly. He was confused about the sideboards and the use of Dingle-Johnson funds. He suggested the state was using vehicle rental tax receipts to match Dingle-Johnson funds. He asked why the state was using tourism rental tax money for a purpose other than what those monies were intended for. He thought the legislature would need to provide answers to the public.

Ms. Peter-Contesse responded that in order to have a Pittman-Robertson program through the federal government, there had to be a fish and game fund that could not be used outside of hunter access. There were certain other sideboards which DFG could speak to. If Pittman-Robertson funds were matched with general funds or vehicle rental tax funds (any funds outside of fish and game funds), it would expand the use of those Pittman-Robertson funds. In other words, the funds could be used for a broader scope of projects. Whether or not the match came from vehicle tax receipts, the amendment would allow DNR to work in collaboration with DFG, to look for non-profits, and match opportunities for some of the available dollars. She relayed that DFG would likely be focused on using their fish and game funds to match the federal government funds.

Mr. Painter added that there was insufficient DFG revenues to match all of the Pittman-Robertson monies that were coming in. The amount of the increase in Pittman-Robertson funds over the past several years had been so great that the state had actually reverted some of those funds.

Finding additional sources of match would allow the legislature to expend more of the funds. The intention was not to displace fish and game funds, it was to supplement them. The state could not completely match all of the Pittman-Robertson funds using just the fish and game fund without draining the fund completely.

Representative Pruitt remarked that it took LFD to finally properly address his question.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Kawasaki, Ortiz, Gara, Guttenberg, Seaton, Foster
OPPOSED: Pruitt, Tilton, Wilson, Grenn

Representative Thompson was absent from the vote.

The MOTION to adopt Amendment H DNR 4 PASSED (6/4).

^DEPARTMENT OF PUBLIC SAFETY

[4:02:22 PM](#)

Representative Kawasaki read the subcommittee report for the Department of Public Safety:

The House Finance Budget Subcommittee for the Department of Public Safety held five meetings with the Department during the review of the FY19 budget request.

The House Finance Budget Subcommittee for the Department of Public Safety recommends that the House Finance Committee accept the Department of Public Safety's FY19 budget with the following amendment recommendations.

The numbers-only budget with amendment recommendations totals:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$161,792.7
Designated General Funds (DGF) 8,282.4
Other Funds 11,217.0
Federal Funds 16,487.6

Total \$197,779.7

The Unrestricted General Fund difference from FY15 Management Plan to the FY19 House Subcommittee Recommended budget is a reduction of \$9,617.9, a decrease of 5.6 percent.

The Unrestricted General Fund difference from FY18 Management Plan to the FY19 House Subcommittee Recommended budget is an increase of \$2,243.5, an increase of 1.4 percent.

Positions:

Permanent Full-time 804

Permanent Part-time 18

Temporary 11

Total 833

The Governor did not submit any amendments for this agency.

The subcommittee discussed a variety of issues during the meetings, including one amendment proposal the subcommittee failed to pass:

1. An amendment proposal was discussed that would have deleted \$1,000.0 UGF from the Grants, Benefits line of the Village Public Safety Officer Program. The subcommittee voted down this proposal 2 yeas to 8 nays.

The Department voiced concern that while approximately \$2,300.0 UGF of unexpended VPSO funds in FY2017 lapsed back to the General Fund, having funds available to hire unfilled positions is still necessary. (Members were reminded the FY2018 Enacted budget included intent language that any unexpended VPSO funds would lapse back to the General Fund.) The Department said approximately half of the requests to expend funds were accepted from VPSO contractors.

Some subcommittee members noted that the VPSO Program lacks resources, filled positions and could use funding to help recruit. A member voiced optimism that if the funds are left available for the Department and VPSO contractors, they can hire more VPSOs.

A member felt that funds were left unexpended because of the overly restrictive environment of distributing the funds from DPS to VPSO contractors. Another member voiced concern that any failure in the program is not just because of funds. This discussion lent itself to the subsequent statutory recommendation to revisit the VPSO statutes.

The following statutory recommendations are shared with the House Finance Committee. These recommendations will be submitted to the relevant policy committees for consideration.

1. House State Affairs Committee - Amend AS 18.70.080 to authorize the Commissioner of Public Safety to establish by regulation a schedule of reasonable fees for services provided by the Department of Public Safety under AS 18.70.050. The fee established for a service may not exceed the actual cost of providing the service. The commissioner may define or establish the "actual cost of providing a service" by regulation. The Department of Public Safety shall charge and collect the fees established under this subsection. The department may waive collection of a fee upon a finding that collection is not economically feasible or in the public interest.

As heard in subcommittee on February 6, the Division of Fire & Life Safety cannot charge fees for regular building inspections - only for plan reviews, as authorized under AS 18.70.080(b). Currently, the Designated General Funds are raised by charging for plan reviews, but the funds are used for conducting regular building inspections.

The Department stated that because of the current lack of authority to charge fees for regular inspections, the Division is unlikely to raise the additional \$125.0 of GF/Program Receipts (DGF) requested in the Governor's FY19 budget.

By giving the Department authority to charge fees for regular inspections, with a waiver available to entities such as nonprofits or childcare facilities that cannot bear the cost of an inspection fee, the Division of Fire & Life Safety may be better able to recoup some of the cost of regular inspections.

In subcommittee on February 20, the House State Affairs Committee Chair expressed interest in introducing this proposal, which was agreed upon with the House Community & Regional Affairs Committee Chair.

2. House Community & Regional Affairs Committee - In coordination with Village Public Safety Officer Program grantees and the Department of Public Safety, the subcommittee recommends the Legislature revisits the VPSO Program statutes, AS 18.65.670, to enhance the mission of the VPSO Program to preserve public peace, protect life and property in rural villages.

The VPSO Program statutes have not been updated in nearly 40 years, except to authorize firearms for Village Public Safety Officers. Over the years, the legislature has provided direction to the Department of Public Safety through budget intent language.

Revisiting the statutory language may not only improve communication between the Legislature, Department of Public Safety and the VPSO Grantees, but also enhance the function of this vitally important public service in rural communities.

Representative Kawasaki reported that both statutory language amendments were received without any objections. The governor did not submit any amendments for DPS. He thanked DPS including Commissioner Monegan, Kelly Howell, and Allison Hanzawa. He also thanked Amanda Ryder from LFD.

Representative Kawasaki MOVED to ADOPT Amendment H DPS 1 (copy on file):

Alaska State Troopers
Alaska Bureau of Highway Patrol

H DPS 1 - Dec to Align FY19 Budgeted
Consulting Services and Software Funding with FY 16
and FY 17 Actual Expenditures

Offered by Representative Kawasaki

Actual expenditures in the Services line item for
Consulting Services and Software were \$21.3 in FY 16

and \$3.6 in FY 17. This amendment reduces this allocation by \$100.0 to an FY 19 budget request level of \$44.2 which exceeds expenditures that occurred in FY 16 and FY 17.

Representative Wilson OBJECTED for discussion.

Representative Kawasaki reported that the amendment was offered by Representative Wilson and dealt with actual expenditures used for consulting services in a previous year. The department stated on record that they did not have a problem with the amendment. The amendment was passed without objection.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H DPS 1 was ADOPTED.

[4:07:48 PM](#)

Representative Kawasaki MOVED to ADOPT Amendment H DPS 2 (copy on file):

Alaska State Troopers
Prisoner Transportation

H DPS 2 - Decrement Funding to Reflect Downward Trend
in Actual Expenditures Between FY 13 and FY 17

Offered by Representative Kawasaki

Between FY 13 and FY 17, actual expenditures decreased by 41 percent (from \$3.1 million to \$1.8 million). Given the trend, the FY 18 budget and the FY 19 Governor's Request appear to be overfunded. This amendment removes "excess" funding in this allocation.

Representative Wilson OBJECTED for discussion.

Representative Kawasaki reported that the amendment came from the fiscal analyst that found that actual expenditures for prisoner transportation had decreased between FY 13 and FY 17. The average savings from year-to-year was between \$400,000 and \$500,000. The amendment was a decrement of \$400,000 in what was perceived to be excess funding for the allocation. It passed 8:1 in the subcommittee.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H DPS 2 was ADOPTED.

Representative Kawasaki MOVED to ADOPT Amendment H DPS 3, H DPS 4, H DPS 5, H DPS 6, and H DPS 7 (copies on file):

H DPS 3:

Alaska State Troopers
Alaska State Trooper Detachments

H DPS 3 - Transfer Funding from AST Detachments to
VPSO Program to Increase VPSO Travel Linked to H DPS 6
- Transfer Funding from AST Detachments to VPSO
Program to Increase VPSO Travel TrIn 345860

Offered by Representative Kawasaki

The Governor's FY19 budget increases AST Detachment
travel by \$2 million UGF to improve law enforcement
access to rural communities. This amendment
appropriates a portion (\$585.0) of the request to the
Village Public Safety
Officer Program to increase VPSO travel to rural
communities. The 585.0 amount reflects the actual
expenditure for total grantee travel in FY17.

H DPS 4:

Alaska State Troopers
Alaska State Trooper Detachments

H DPS 4 - Align AST Travel Line with FY14-FY17 Average
Actual Travel Expenditures

Offered by Representative Kawasaki

The Governor's proposed FY19 request in the travel
line is \$3,376.2, an increase of \$2,000.0 from FY18.
Between FY14 and FY17, the average actual expenditures
were \$2,018.0 for AST Detachments.

To meet the need for increased AST presence in rural
areas of the state while balancing the continued
constraints on expenditures, this amendment aligns the

Governor's requested travel increment with the 4-year average (FY14-FY17) of actual travel expenditures.

Although this decrement removes \$773.2 UGF from the Governor's FY19 request, if approved, the AST Detachment's travel line will still increase by \$641.8 UGF from FY18

H DPS 5:

Alaska State Troopers
Alaska State Trooper Detachments

H DPS 5 - AST Detachments Wordage Requiring Travel Expenditures of \$641.8 to Rural Communities

Offered by Representative Kawasaki

Wordage: Of the amount appropriated in this allocation, \$641,800 must be expended in the travel line to improve law enforcement access to rural communities.

Explanation: The amount reflected in the wordage requires that the FY19 increase in the travel line be expended for AST travel to rural communities.

H DPS 6:

Village Public Safety Officer Program

H DPS 6 - Transfer Funding from AST Detachments to VPSO Program to Increase VPSO Travel Linked to H DPS 3 - Transfer Funding from AST Detachments to VPSO Program to Increase VPSO Travel TrOut 345859

Offered by Representative Kawasaki

The Governor's FY19 budget increases AST Detachment travel by \$2 million UGF to improve law enforcement access to rural communities. This amendment appropriates a portion (\$585.0) of the request to the Village Public Safety Officer Program to increase VPSO travel to rural communities. The 585.0 amount reflects the actual expenditure for total grantee travel in FY17.

H DPS 7:

Village Public Safety Officer Program

H DPS 7 - VPSO Intent that \$585.0 be used for Travel to Rural Communities

Offered by Representative Kawasaki

Wordage: It is the intent of the legislature the amount of \$585,000 be provided to VPSO grantees for the purpose of travel to rural communities. It is also the intent of the legislature the Department support VPSO contractors' efforts to provide public safety services to the maximum geographic area surrounding their duty station.

Explanation: The provision of public safety in remote rural Alaska comes with challenges related to distance. Intending the amount of \$585,000 for VPSO contractors to be expended for VPSOs to cover the maximum geographic area practicable clarifies that some VPSO expenditures will be used be for fuel and travel. VPSO rovers and travel from village to village provides a significantly broader reach for the Department.

Representative Kawasaki relayed that these amendments were all related to an amendment that was passed in subcommittee.

Representative Wilson OBJECTED for discussion on the combined amendments.

Representative Kawasaki explained that the amendments were funds transferred in and transferred out for the Village Public Safety Officer Program (VPSO), the Alaska State Trooper (AST) travel line for detachments, and intent language to ensure that the VPSO funding that was included as part of the travel decrement remained with the VPSO program for travel. His explanation applied to all 4 amendments. In his research he found that part of the governor's Public Safety Action Plan was to increase travel to improve law enforcement access to rural communities. The governor requested \$2 million. He had reviewed the history. He reported that in the previous couple of years the AST detachment allocation travel line was \$1.9 million in FY 13

and \$2.6 million in FY 14, and \$2.2 million in FY 15. \$1.5 million in FY 16, and \$1.8 million in FY 17. In the prior year the actual was \$1.376 million. The governor's request of the \$2 million increment would have put the amount up to \$3.376 million, a historical high. He commented that the percentage of travel in the overall budget for AST detachment was typically between 3.27 percent in FY 09 actuals and 3.62 percent in FY 14 actuals. If the legislature were to accept the entire \$2 million for AST travel in the detachment section, the percentage would increase to 4.6. Instead, the subcommittee decided to advance \$641,000 to significantly increase the travel amount.

Representative Kawasaki continued that the second part of the amendment dealt with moving \$585,000 to the VPSO grants and benefits line. The subcommittee included language for the VPSO program to be able use the money for transportation to remote villages. There was a decrement of about \$773,000. The Alaska State Troopers would receive \$642,00 of the \$2 million for detachment traveling.

[4:12:21 PM](#)

Representative Ortiz asked for the net impact of the decrements and increments. Representative Kawasaki responded that the governor in the Public Safety Action Plan had requested \$2 million to improve rural law enforcement which appeared in the AST detachments line for travel. The subcommittee allocated \$642,000 of the \$2 million request. It also allocated \$585,000 to the VPSO budget with the anticipation that the money would be used for travel to remote Alaska. Finally, the subcommittee removed \$773,000 from the original \$2 million request.

Representative Wilson wanted to verify the amendments being discussed. Representative Kawasaki replied that he was discussing Amendments H DPS 3 through H DPS 7. The reason why it looked odd was because there had to be money transferred in and money transferred out as well as intent language.

Representative Wilson WITHDREW her OBJECTION.

Co-Chair Foster OBJECTED.

Co-Chair Foster was objecting because people in rural Alaska always wanted to see public safety was strengthened to the greatest extent possible. He supported the full funding of the governor's request.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Tilton, Wilson, Grenn, Kawasaki, Ortiz, Seaton

OPPOSED: Gara, Guttenberg, Foster

Representative Thompson was absent from the vote.

The MOTION to adopt Amendments H DPS 3, H DPS 4, H DPS 5, H DPS 6, and H DPS 7 PASSED (7/3).

Representative Kawasaki MOVED to ADOPT Amendment H DPS 8 (copy on file):

Village Public Safety Officer Program

H DPS 8 - Maintain VPSO Rural Firefighter Specialist Training in Sitka

Offered by Representative Kawasaki

Wordage: It is the intent of the legislature that the VPSO Rural Firefighter Specialist Training remain in Sitka.

Representative Wilson OBJECTED for discussion.

Representative Kawasaki explained the amendment contained intent language stating that the VPSO rural firefighter specialist training would remain in Sitka. There was intense debate over the hour spent in subcommittee on this one language amendment. He reported receiving further information from the department and a memo that just reached people's desk in the current day regarding cost comparisons in shifting the firefighter training and Emergency Trauma Technician (ETT) training from Sitka to Palmer.

Co-Chair Seaton asked Representative Kawasaki to summarize the memo since members did not have it in their packets.

Representative Kawasaki reported that the previous year's actuals to train 10 VPSOs at the firefighter training and 12 VPSO at the ETT training in Sitka cost the state \$52,722. The total cost to train 13 VPSOs in both trainings in Palmer was estimated to be \$56,862. The subcommittee concluded that there was not a savings or a major cost difference. However, having it in Sitka was beneficial because the fire department in Sitka volunteered training services.

Representative Pruitt asked if transportation costs were included. He also asked the length of the training.

[4:18:46 PM](#)

KELLY HOWELL, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF PUBLIC SAFETY, answered that the Rural Fire Protection Specialist Training in Sitka was 2 weeks long.

Representative Pruitt asked about the cost per day and whether it included transportation. Ms. Howell had just received the information while sitting in committee. She had not had a chance to review it. She believed that it included the cost of travel for instructors to Sitka. The travel to get VPSO to the training had already occurred because the two-week Rural Fire Protection Specialist Training was added onto the basic law enforcement training that they attend.

Representative Wilson wanted to hear from the commissioner about why DPS thought it was more beneficial to have the training in Palmer. He had indicated in subcommittee that it was not just about money, but about the relationship between rural firefighters and VPSOs.

[4:20:35 PM](#)

WALT MONEGAN, COMMISSIONER, DEPARTMENT OF PUBLIC SAFETY, conveyed that the department felt there was a value to bringing the training to Palmer. The department brought in rural firefighters from outlying areas. They got to work side-by-side with VPSOs in the training in Palmer, unlike when the VPSOs received their training in Sitka. The value was learning, understanding, and working in a cooperative manner and developing relationships.

Representative Wilson responded that the money was almost a wash because the VPSOs were already at the location, although they would fly out of Anchorage. She thought it was important in developing relationships to do so in a non-emergent situation. She suggested that she was not looking to move the program away from Sitka, just the two-week training because other people would be going to Palmer for training. She thought relationship building was important and could only be obtained in Palmer.

Co-Chair Seaton asked for the vote in subcommittee. Representative Kawasaki reported that the subcommittee vote was 5/4.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Guttenberg, Kawasaki, Ortiz, Foster, Seaton
OPPOSED: Tilton, Wilson, Grenn, Pruitt

Representative Thompson was absent from the vote.

The MOTION to adopt H DPS 8 PASSED (6/4).

Representative Kawasaki MOVED to ADOPT Amendment H DPS 9 (copy on file):

Village Public Safety Officer Program

H DPS 9 - Disperse funding for VPSO Program to grant recipients

Offered by Representative Kawasaki

Wordage: It is the intent of the legislature that the Department disperse funding meant for the VPSO Program to VPSO grant recipients. VPSO grantees are encouraged to use the funding for recruitment and retention of VPSOs, however they may use the funds for other purposes within their mission, such as operational costs to better utilize filled positions or housing multiple VPSOs in a single community, if judged to be more beneficial to public safety.

Explanation: The VPSO program is vital to rural communities. This program should be fully funded and

the efforts to meet recruitment and retention goals should be supported.

Representative Wilson OBJECTED for discussion.

Representative Kawasaki explained that the amendment contained intent language dealing with the VPSO program and that the department should disperse the funding meant for the VPSO program to grant recipients. The subcommittee heard that in the following year the program anticipated \$1 million back from the VPSO program. The discussion had been that there were several requests that had been denied over the prior year. The amendment passed 8/1 in subcommittee.

Representative Wilson commented that the department was carefully looking after the money. The way the amendment was written it appeared the VPSO program was doing something wrong. However, she opined that it was not. She thought the amendment clarified how the money would be spent.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H DPS 9 was ADOPTED.

[4:24:45 PM](#)

Representative Kawasaki MOVED to ADOPT Amendment H DPS 10 (copy on file):

Statewide Support
Commissioner's Office

H DPS 10 - Dec to Align the FY19 Budget for Printing Charges & Training Materials with FY16 and FY17 Actual Expenditures

Offered by Representative Kawasaki

Actual expenditures in the Services line item for Other Services (printing charges for training materials) were \$10.0 in FY 16 and \$32.0 in FY 17. This amendment reduces this allocation by \$100.0 to an FY 19 budget request of \$75.0 which is twice the amount of FY 2017 actual expenditures

Representative Wilson OBJECTED for discussion.

Representative Kawasaki explained that the amendment was offered by Representative Wilson in the subcommittee process. She had scrubbed the budget and found that actual expenditures in the service line item for other services printing charges. She requested an average time period and asked to reduce the item by \$100,000. There was no objection from the department, and the amendment was passed without objection by the subcommittee.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H DPS 10 was ADOPTED.

Representative Kawasaki MOVED to ADOPT Amendment H DPS 11, H DPS 12, and H DPS 13 (copies on file):

H DPS 11:

Statewide Support
Alaska Wing Civil Air Patrol

H DPS 11 - Alaska Wing Civil Air Patrol Decrement
(Replaced with IncOTI)
Offered by Representative Kawasaki

Although the increment provides two-thirds the level of funding in FY19 that the Governor requested, this amendment adds intent language that the Alaska Wing Civil Air Patrol find non-state funding sources to support its operations. In anticipation of support from non-state funding sources in FY20, the one-time increment will remove all UGF funding from the base budget in FY20.

H DPS 12:

H DPS 12 - Replace 2/3 of FY19 Funding Request with IncOTI (Non-State Funding Should Be Used in FY20)
Offered by Representative Kawasaki
Although the increment provides two-thirds the level of funding in FY19 that the Governor requested, this amendment adds intent language that the Alaska

H DPS 13:

H DPS 13 - AK Civil Air Patrol Intent to Actively
Search for Non-State Funding
Offered by Representative Kawasaki

Wordage: It is the intent of the legislature that the
Alaska Wing Civil Air Patrol actively search for non-
state funding to support its operations.

Explanation: Although the increment provides two-
thirds the level of funding in FY19 that the Governor
requested, this amendment adds intent language that
the Alaska Wing Civil Air Patrol to find non-state
funding sources to support its operations. In
anticipation of support from non-state funding sources
in FY20, the one-time increment will remove all UGF
funding from the base budget in FY20.

Representative Wilson OBJECTED for discussion.

Representative Kawasaki reviewed the amendments. He
reported that the amendments were offered from the member
from Sitka. In researching the amendments, he found that
very few funds were non-state funding sources. He wanted to
light a fire under the Alaska wing of the Civil Air Patrol
to find other sources of revenue. The amendment that passed
8/1 reduced the amount of state support for the Alaska
Civil Air Patrol in a one-time increment. Hopefully they
would be able to find some funds outside of state funding
sources.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendments H DPS 11, H DPS 12,
and H DPS 13 were ADOPTED.

[4:27:15 PM](#)

Representative Kawasaki MOVED to ADOPT Amendment H DPS 14
and H DPS 15 (copies on file):

Statewide Support
Criminal Justice Information Systems Program

H DPS 14 - Add Temporary Funding for 3 PFT Positions
for NIBRS Data Entry (FY19-FY21)
Offered by Representative Kawasaki

The department requested \$595.0 and 6 PFT positions for a new unit to review law enforcement case reports in the Alaska Records Management System (ARMS) for completeness, and work to ensure that data can be used for enhanced crime statistical reporting by all ARMS users. The data will be reported in the National Incident Based Reporting System (NIBRS) format which will allow for more timely and robust crime statistical information for better agency-to-agency and state-to-state crime statistics reporting.

While the subcommittee recognizes that creating new systems is labor intensive, adding six new positions to the base budget with no further scrutiny did not seem to be prudent.

This amendment adds the funding level and positions requested by the Governor, however, the funding and positions will be removed from the FY22 budget unless the department provides justification for continued funding.

H DPS 15 - Replace Base Funding for 3PFT NIBRS Data Entry Positions with IncT Funding
Offered by Representative Kawasaki

The department requested \$595.0 and 6 PFT positions for a new unit to review law enforcement case reports in the Alaska Records Management System (ARMS) for completeness, and work to ensure that data can be used for enhanced crime statistical reporting by all ARMS users. The data will be reported in the National Incident Based Reporting System (NIBRS) format which will allow for more timely and robust crime statistical information for better agency-to-agency and state-to-state crime statistics reporting.

While the subcommittee recognizes that creating new systems is labor intensive, adding six new positions to the base budget with no further scrutiny did not seem to be prudent.

This amendment adds the funding level and positions requested by the Governor, however, the funding and positions will be removed from the FY22 budget unless the department provides justification for continued funding.

Representative Wilson OBJECTED for discussion.

Representative Kawasaki explained both amendments.

Representative Wilson was concerned with adding people to a system that they had not started yet. She thought it was premature. Representative Kawasaki countered that there had been some discussion in committee on the topic, which resulted in the number of positions being reduced from 6 to 3. The reason why he thought the positions were necessary was to get things up and running. Currently, the department was using 4 permanent full-time positions to help in getting the records system updated to the point that it could be consolidated into the new national incident-based reporting system, necessary in 2021.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Grenn, Guttenberg, Kawasaki, Ortiz, Seaton, Foster

OPPOSED: Tilton, Wilson, Pruitt

Representative Thompson was absent from the vote.

The MOTION PASSED (7/3). Amendments H DPS 14 and H DPS 15 were ADOPTED.

[4:30:48 PM](#)

Representative Kawasaki MOVED to ADOPT Amendment H DPS 16 (copy on file):

Statewide Support
Laboratory Services

H DPS 16 - Intent that the Crime Lab Actively Seek Rental Arrangements from Federal, Municipal and other State Agencies

Offered by Representative Kawasaki

Wordage: It is the intent of the legislature that the Department of Public Safety actively seek arrangements to rent space in the Alaska Scientific Crime Detection

Laboratory to municipalities, federal agencies, and other state agencies.

Explanation: The Alaska Scientific Crime Detection Laboratory was designed to handle capacity beyond the laboratory's current needs. This amendment directs the Department of Public Safety to actively seek municipalities, federal agencies, and other state agencies to rent the underutilized space to the highest cost benefit ratio possible, so that the laboratory operates in a more cost-effective manner.

Representative Wilson OBJECTED for discussion.

Representative Kawasaki read from the amendment (see above). He reported that the amendment passed without objection in the subcommittee process.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H DPS 16 was ADOPTED.

^DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

4:32:01 PM

Co-Chair Foster read the subcommittee report for the Department of Transportation and Public Facilities:

The House Finance Budget Subcommittee for the Department of Transportation and Public Facilities held 5 meetings with the Department of Transportation and Public Facilities during the review of the FY19 budget request.

The Chair of the House Finance Budget Subcommittee for the Department of Transportation submits a recommended operating budget for FY2019 to the House Finance Committee as follows:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$178,621.5
Designated General Funds (DGF) \$97,972.1
Other Funds \$306,846.7
Federal Funds \$2,118.2
Total \$585,558.5

The Unrestricted General Fund (UGF) difference from the FY2015 Management Plan to the FY2019 House Subcommittee budget recommendation is a reduction of \$99,983.1, a 35.9 percent decrease.

Positions:

Permanent Full-time 2,912
Permanent Part-time 337
Temporary 130
Total 3,379

There were no Governor amendments for the Department of Transportation and Public Facilities.

The House Finance Subcommittee for the Department of Transportation and Public Facilities recommends funding the Alaska Marine Highway System (AMHS) at a level that provides predictability and stability in their service levels.

1. In addition to the Governor's request; the Alaska Marine Highway Fund should be capitalized with \$35 million.
 - a. This funding should be available for the AMHS peak performance months of May through September;
 - b. Ensuring funding through peak performance months provides reliable scheduling, resulting in increased ridership and therefore increased cost recovery.

[4:36:12 PM](#)

Co-Chair Foster MOVED to ADOPT Amendment H DOT 1 and H DOT 2 (copied on file):

H DOT 1:

Highways, Aviation and Facilities Southcoast Region
Highways and Aviation

H DOT 1 - Add Base Increment Transferring Adak Airport Operating Costs from Capital to Operating Budget

Offered by Representative Foster

If Alaska is to continue operating the Adak airport, necessary funds need to be included in the operating budget. There is \$52.0 remaining of the investment

earnings on the original \$10 million as a one-time increment.

H DOT 2:

H DOT 2 - Add One-time Increment Transferring Adak Airport Operating Costs from Capital to Operating Budget

Offered by Representative Foster

If Alaska is to continue operating the Adak airport, necessary funds need to be included in the operating budget. There is \$52.0 remaining of the investment earnings on the original \$10 million.

Representative Wilson OBJECTED for discussion.

Co-Chair Foster explained that both amendments added increments transferring Adak Airport costs to the operating budget. The first amendment was an increment of \$690,000 in UGF, fund source 1004 UGF. The second amendment was a one-time increment of \$52,000 for federal funds, with a fund source of 1190 Adak Air. The two amendments moved the operational costs of Adak Airport into the operating budget. Prior, all operational costs for the airport at Adak have been in the capital budget. The increment of \$52,000 was the remaining total of the investment earnings of the original \$10 million that Alaska had received when the US Navy withdrew from the Adak Airport. The state had slowly used up the available funds and would exhaust the account in the current year. Therefore, the Adak Airport needed to be moved from the capital budget to the operating budget like all the other rural airports throughout Alaska.

Representative Wilson asked if the state received any federal funding for the Adak Airport or if landing fees were paid by users. Co-Chair Foster responded that he was not aware of any.

[4:38:22 PM](#)

AMANDA HOLLAND, ACTING DEPUTY COMMISSIONER, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, answered that the Adak Airport had been funded through receipts from the US Department of Defense. The state's rural airport system had

some funding outside of UGF. There were some rural airport leasing receipt monies.

Representative Wilson asked who used the airport. Ms. Holland replied that the airport was used by residents, Alaskans, and tourist. It was a popular stop for hunters. There were also some commercial businesses using the airport. Co-Chair Foster added that there were no landing fees and the population was about 200 people.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Grenn, Guttenberg, Ortiz, Foster, Seaton
OPPOSED: Wilson, Pruitt, Tilton

Representative Kawasaki and Representative Thompson were absent from the vote.

The MOTION to adopt Amendments H DOT 1 and H DOT 2 PASSED (6/3).

^UNIVERSITY OF ALASKA

[4:41:02 PM](#)

Representative Guttenberg read the subcommittee report for the University of Alaska:

The House Finance Budget Subcommittee for the University of Alaska held 6 meetings with the University of Alaska during the review of the FY19 budget request.

The Chair of the House Finance Budget Subcommittee for the University of Alaska recommends that the House Finance Committee accept the University of Alaska's FY19 Amended Budget as follows:

Fund Source (dollars are in thousands):
Unrestricted General Funds (UGF) 336,033.5
Designated General Funds (DGF) 331,131.2
Other Funds 86,530.4
Federal Funds 143,852.7
Total 897,547.8

The Unrestricted General Fund difference from FY15 Management Plan to the FY19 House Subcommittee Recommended budget is a reduction of \$34.56 million, a decrease of 9.3 percent.

The Unrestricted General Fund difference from FY18 Management Plan to the FY19 University of Alaska House Finance Subcommittee recommended \$19 million, an increase of 6.0 percent.

Positions:

Permanent Full-time 3,993

Permanent Part-time 189

Temporary 0

Total 4,182

The following statutory recommendation are also submitted to the House Finance Committee:

1. Amend AS 14.42.033 (a) to read (a) Except as provided under (b) and (c) of this section, as a condition of participating in a medical education program under AS 14.42.033, a program participant shall agree to either return to the state and actively engage in professional medical practice or repay financial support provided by the state on behalf of the program participant. The financial support to be repaid is equal to the full [50 percent of the] amount paid for each program participant by the state to the contracting postsecondary institution, plus interest. The rate of interest is equal to the 12th Federal Reserve District discount rate in effect on March 1 of the year in which the financial support is provided plus two percentage points. Interest imposed under this subsection begins to accrue when the person terminates studies under the medical education program. Accrued interest shall be added to the principal balance of the repayment obligation at the time the borrower is obligated to commence repayment and at the end of a deferment period.

Representative Wilson queried the amount of the UGF budget for the University of Alaska in the prior year. Representative Guttenberg replied that it was \$317 million.

Representative Guttenberg MOVED to ADOPT Amendment H UOA 1 (copy on file):

Budget Reductions/Additions - Systemwide

H UOA 1 - University of Alaska Increment

Offered by Representative Guttenberg

The FY19 Governor's Operating Budget for the University of Alaska is \$317 million, while the FY19 Board of Regent's budget request totals \$341 million. This will add \$19 million to partially bridge the budget shortfall.

Representative Wilson OBJECTED for discussion.

Representative Guttenberg explained that the University of Alaska budget was like no other. The Board of Regents' budget that was adopted was a public document. The legislature was able to see every increment and how the campuses and programs were managed. The legislature only got to see department budgets after they went through the Office of Management and Budget. He suggested that the University's budget was more transparent than any of the other departments. Over the past 10 years, the cuts to the UA budget had been devastating. The University lost 50 programs and student enrollment decreased. The University had brought in about \$1 billion in research revenue over the same period. The University requested an increase of \$24 million. The amendment started out at \$24 million and was reduced to reflect the fact that the state could not afford it. He continued that the return on investment in Alaska was significant. The committee could only agree on \$19 million.

Co-Chair Seaton asked if Representative Guttenberg was addressing Amendment H UOA 1. Representative Guttenberg responded in the affirmative.

[4:45:37 PM](#)

AT EASE

[4:46:39 PM](#)

RECONVENED

Co-Chair Seaton explained that there was a two-page subcommittee narrative report. The back page was labeled differently. He indicated the committee should be referring

to the agency transaction detail sheet in the 2018 Legislative Operating Budget House Subcommittee Amends column. The time stamp on the bottom of the page was 2018-02-22 18:14:20. Amendment H UOA 1 was not as it was presented in the narrative report. The committee was considering them as they appeared on the spreadsheet. He asked Representative Guttenberg to review his amendment again. Representative Guttenberg relayed that the amendment reflected an increase of \$19 million over the prior year.

Representative Wilson reported that the governor kept the University whole by not proposing any cuts. She was also concerned that enrollment was down but was not convinced it was due to reductions. She opined that it was a competitive market. She understood why the regents wanted additional money. However, the state could not afford it. She appreciated the discussions and thought the state needed to become more competitive.

Vice-Chair Gara commented that the University had been slashed over the past several years in excess of \$50 million not accounting for inflation. Professors were leaving, and students were choosing to attend college elsewhere. He thought the state needed to reverse those trends. He appreciated the amendment.

[4:49:54 PM](#)

Representative Thompson stated that the University's Board of Regents requested \$341 million to stay whole and to advance their new plans to make the University better. The University's numbers showed that a budget of \$317 million requested by the governor, with inflation and other automatic increases, would fall short by \$9 million. The University had already lost 5000 students. He speculated that students witnessed programs being cut and were reluctant to attend for fear of other programs being deleted. He thought the idea of students going outside of the state for their education was devastating. He believed the state's future was dependent upon its young people. He would be supporting the amendment. Previously, the University's budget was \$375 million. The current amendment was a good and necessary compromise.

Representative Grenn agreed with Representative Thompson. He thought it was a good compromise. He thought a strong university system was needed for the economy.

Representative Ortiz concurred with the prior 2 speakers. He agreed with the representative from North Pole that the University needed to stay competitive. He asserted that a university that was cutting its programs and reducing its offerings was not competitive. He provided examples of incentives to attract students. He reported hearing that less students were staying in Alaska to attend college because the University of Alaska system was not competitive. He would be supporting the amendment as an economic investment in Alaska's education system and its youth.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Grenn, Guttenberg, Kawasaki, Ortiz, Thompson, Foster, Seaton
OPPOSED: Pruitt, Tilton, Wilson

The MOTION Amendment H UOA 1 PASSED (8/3).

[4:54:05 PM](#)

Representative Guttenberg MOVED to ADOPT Amendment H UOA 2 (copy on file):

Anchorage Campus

H UOA 2 - Add funding to maintain operations of the Alaska Justice Information Center (AJiC)
Offered by Representative Guttenberg

These funds, in conjunction with the Alaska Mental Health Trust's \$225.0 MHTAAR, are required for the operations of the Alaska Justice Information Center whose mission is to "compile, analyze, and report on criminal justice topics to policymakers and practitioners in order to improve public safety, increase criminal justice system accountability, and to reduce recidivism."

Representative Wilson OBJECTED for discussion.

Representative Guttenberg explained the amendment. The amount was left out of the original budget. It used Mental

Health Trust Authority Authorized Receipts (MHTAAR) to match funds for the Alaska Justice Information Center.

Representative Wilson asked if it was a required match. Representative Guttenberg responded that it brought the state back to what it did the previous year.

Representative Wilson restated her question. Representative Guttenberg responded that it was a part of the Alaska Mental Health Trust Authority to be providing the service. It had been something done in the previous year, but it had been left out of the budget.

Representative Thompson was unclear about the comment made by the bill sponsor regarding compiling, analyzing, and reporting on criminal justice topics. He asked if the legislature had received a report regarding the prior year. He was confused. Representative Guttenberg believed the amount was the ongoing operations costs of the Alaska Justice Information System. He encouraged Mr. Baker to further elaborate.

Co-Chair Seaton asked for the subcommittee vote on the amendment. Representative Guttenberg responded, "Without objection."

[4:56:26 PM](#)

MILES BAKER, DIRECTOR, GOVERNMENT RELATIONS, UNIVERSITY OF ALASKA, relayed that it was an item that came to the University through the mental health budget. The University did not have a say about what was submitted by the Alaska Mental Health Trust Authority (AMHTA) board. The item in the amendment was an investment made in the previous year that included \$225,000 from the AMHTA receipts. It had \$150,000 in a general fund match for the Alaska Justice Information Center for work they were doing related to the crime bill. It was the University's understanding that when the bill came over, it was intended to be a continuation of that funding. However, the \$150,000 general fund portion did not make it into the budget. He thought it had been a technical error. It had been pointed out in the subcommittee that the AMHTA board identified the mistake. He talked with OMB and had the amount submitted as a budget increment. It would continue to work with flat funding as it had in the prior year.

Representative Wilson asked if the cost of the report was \$300,000 total. Mr. Baker did not feel qualified to speak to the work being done for the increment. He could only speak to what happened in the budget process. He was unfamiliar with what the Alaska Justice Information Center was doing regarding the increment. Representative Wilson commented that it was only \$300,000.

Representative Wilson MAINTAINED her OBJECTION

A roll call vote was taken on the motion.

IN FAVOR: Grenn Guttenberg, Kawasaki, Ortiz, Gara, Seaton
Foster

OPPOSED: Pruitt, Thompson, Tilton, Wilson

The MOTION to adopt Amendment H UOA 2 PASSED (7/4).

Representative Guttenberg indicted he had one other item. He pointed to page 2 of the report narrative which contained a statutory recommendation. It was not part of the budget process. The committee adopted it and moved it along. He explained that for students that received the Alaska WWAMI Regional Medical Education Program Scholarship but did not return, they would have to pay 100 percent rather than 50 percent. As a statutory recommendation it was up to anyone who wanted to adopt it and to make it a bill. He thought someone had done so.

[5:00:28 PM](#)

AT EASE

[5:00:46 PM](#)

RECONVENED

Co-Chair Foster invited Co-Chair Seaton to present his finance subcommittee report for the legislature.

^LEGISLATURE

[5:00:52 PM](#)

Co-Chair Seaton read the finance subcommittee report for the Legislature:

The House Finance Budget Subcommittee for the Legislature held four meetings with the agency during the review of the FY19 budget request.

The House Finance Budget Subcommittee for the Legislature recommends that the House Finance Committee accept the Legislature's FY19 budget with the following amendment recommendations:

The numbers-only budget with amendment recommendations totals:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF) \$64,550.0

Designated General Funds (DGF) 321.0

Other Funds 832.6

Federal Funds -0-

Total \$65,703.7

The UGF difference from FY15 Management Plan to the FY19 House Subcommittee Recommended budget is a reduction of \$12,354.2, a decrease of 16.1 percent.

The UGF difference from FY18 Management Plan to the FY19 House Subcommittee Recommended budget is an increase of \$962.9, an increase of 1.5 percent.

Positions:

Permanent Full-time 234

Permanent Part-time 399

Temporary 6

Total 549

The Governor did not submit any amendments for this agency and the subcommittee did not make any statutory recommendations.

The subcommittee made no statutory recommendations.

Co-Chair Seaton MOVED to ADOPT Amendment H LEG 1 (copy on file):

Budget and Audit Committee

Legislative Finance

H LEG 1 - Reduce the House Finance portion of Legislative Finance's budget

Offered by Representative Seaton

Representative Wilson OBJECTED for discussion.

Co-Chair Seaton reported that the amendment reduced the House Finance Committee travel budget by \$25,000.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H LEG 1 was ADOPTED.

Co-Chair Seaton MOVED to ADOPT Amendment H LEG 2 (copy on file):

Legislative Council
Administrative Services
H LEG 2 - Add 6 temporary PCNs to match personal services expenditure report
Offered by Representative Seaton

This is a technical correction. The six temporary PCNs were included in the Personal Services budget but were not noted in the allocation report when the Legislative Affairs Agency switched to the new budget system in FY18. This corrects that oversight. There is no increase in the budget.

Representative Wilson OBJECTED for discussion.

Co-Chair Seaton read the amendment (see above).

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H LEG 2 was ADOPTED.

Co-Chair Seaton MOVED to ADOPT Amendment H LEG 3 (copy on file):

Legislative Council
Council and Subcommittees
H LEG 3 - Transfer \$27.9 from Services to Personal Services for Senate Spec Comm of the Arctic
Offered by Representative Seaton

This is a technical correction. When Senate Finance eliminated the Senate Special Committee on the Arctic, the funding of \$27,900 was removed from the Personal Services line; however, the \$27,900 was budgeted in the Services line. There is no change to the budget.

Representative Wilson OBJECTED for discussion.

Co-Chair Seaton read the amendment (see above).

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H LEG 3 was ADOPTED.

Co-Chair Seaton MOVED to ADOPT Amendment H LEG 4 (copy on file):

Legislative Council
Council and Subcommittees
H LEG 4 - Eliminate funding for the House Special
Committee on Arctic Policy, Economic Development and
Tourism
Offered by Representative Seaton

This amendment eliminates the funding to the House
Special Committee on Arctic Policy, Economic
Development and Tourism. In recent years, funding to
standing, special and joint committees has been
greatly reduced and, in many instances, eliminated. In
2017, AET's funding was reduced from \$27,850 to
\$10,000. This amendment would eliminate the remaining
funds.

Representative Wilson OBJECTED for discussion.

Co-Chair Seaton read the amendment (see above).

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H LEG 4 was ADOPTED.

[5:05:30 PM](#)

Co-Chair Seaton MOVED to ADOPT Amendment H LEG 5 (copy on file):

Legislative Council
Legislature State Facilities Rent
H LEG 5 - Annual CPI-U Increase for Statewide Leases
Offered by Representative Seaton

The Legislature State Facilities Rent allocation pays for leases and some operating expenses associated with space rented by the Legislature statewide. There are 22 Legislative Information Office (LIO) sites outside of Juneau. Many of these sites also have office space for Legislator interim offices. There are two sites for Legislator interim offices which are not co-mingled with an LIO (North Pole and Eagle River).

An increment of \$47,600 is needed to pay for contractually obligated CPI-U increases for most statewide leases. There are no contingency funds in this allocation. The full amount is required to meet the Legislature's contractual obligations in FY19.

Representative Wilson OBJECTED for discussion.

Co-Chair Seaton read the amendment (see above).

Representative Wilson wanted to understand the amendment. She asked if the two offices were paid differently. Co-Chair Seaton responded that there were 2 offices that were not connected with a legislative information office (LIO). The amendment ensured that the consumer price increases in the contract were funded, as there was not any contingency language outside of the LIO contracts.

Representative Wilson relayed that a couple of years prior, she had looked at the leases when Fairbanks was going out for its lease again and whether it was economical to combine the North Pole office with the Fairbanks office. She found that it would have actually cost more to the state to combine them. There was no space in the Fairbanks office. A different location would have had to be leased costing more. She wanted people to understand that it was not an additional cost.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H LEG 5 was ADOPTED.

Co-Chair Seaton MOVED to ADOPT Amendment H LEG 6 (copy on file):

Legislative Operating Budget
Legislature State Facilities Rent

H LEG 6 - Transfer \$126.0 from Personal Services (H) to Services (H) for Legal and Research Services Transfer Authority
Offered by Representative Seaton

Speaker of the House Edgmon approved a transfer of \$126,000 from House Operating to Legal and Research Services. In the Governor's FY 19 budget, OMB inadvertently reflected the transfer out from the Services line instead of from Personal Services. This corrects the line items. There is no change to the budget.

Representative Wilson OBJECTED for discussion.

Co-Chair Seaton read the amendment (see above).

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H LEG 6 was ADOPTED.

Co-Chair Seaton MOVED to ADOPT Amendment H LEG 7 (copy on file):

Legislative Operating Budget
H LEG 7 - Transfer \$63.0 from Personal Services (H) to Services (H) for Administrative Services Authority
Offered by Representative Seaton

Speaker of the House Edgmon approved a transfer of \$63,000 from House Operating to Administrative Services. In the Governor's FY19 budget, OMB inadvertently reflected the transfer out from the Services line instead of from Personal Services. This corrects the line items. There is no change to the budget.

Representative Wilson OBJECTED.

Co-Chair Seaton read the amendment (see above).

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H LEG 7 was ADOPTED.

Co-Chair Seaton MOVED to ADOPT Amendment H LEG 8 (copy on file):

Legislative Operating Budget
Session Expenses
H LEG 8 - Reduce the House Operating Budget
Offered by Representative Seaton

Representative Wilson OBJECTED

Co-Chair Seaton read the amendment (see above).

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H LEG 8 was ADOPTED.

[5:09:54 PM](#)

Co-Chair Seaton MOVED to ADOPT Amendment H LEG 9 (copy on file):

Legislative Operating Budget
Session Expenses
H LEG 9 - Replace UGF with Interagency Receipts to
account for full statute set revenue
Offered by Representative Seaton

In FY19, there will be a full set of Alaska Statutes produced, as opposed to just the supplement set in FY18. This brings an anticipated increase in revenue in Interagency Receipts and a corresponding reduction in the Unrestricted General Fund

Representative Wilson OBJECTED for discussion.

Co-Chair Seaton read the amendment (see above).

Representative Wilson did not understand where the savings was on the inter-agency receipts in making the statute books. Co-Chair Seaton replied that the legislature printed all of the statute books which were bought by several agencies becoming inter-agency receipts instead of UGF.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H LEG 9 was ADOPTED.

Co-Chair Seaton stated for the record that although the numbers had been reviewed, there had been some numbers

misspoken. The numbers printed in the meeting documents were the numbers that would be used rather than any verbal errors. He returned to a question that Vice-Chair Gara had asked that he would quickly answer.

Vice-Chair Gara mentioned that Representative Pruitt correctly noted that in the DHSS report the committee compared FY 15 to FY 19 governor's budget to the subcommittee's numbers. The fiscal year 18 numbers were on page 5 of the multi-year allocation. He conveyed that the big change in the department concerned Medicaid. He reported the FY 18 supplemental amount of about \$91 million and the department anticipated an additional \$27 million in FY 19. He thought there was a difference of \$118 million from what legislators left session knowing about. The other two large changes were taking out money for senior benefits until a bill was passed. He hoped the legislation passed soon. The only other thing not addressed in subcommittee had to do with a \$6 million reduction for behavioral health because the department was shifting more towards federal funding. He relayed that although there had been about \$100 million decrease since FY 15 in the department, the numbers for the FY 18 management plan in UGF totaled \$1.047 billion. The governor's increase reflected the Medicaid increase which went up to \$1.165 billion. The subcommittee's decrease reflected the delay in putting the Senior Benefits Program money in the budget. It was about \$17 million lower than the governor's budget plus the amendments that were passed.

Co-Chair Seaton thanked the agencies, the Legislative Finance Division, and the staff that had worked diligently on the budget.

Co-Chair Foster reviewed the agenda for the following day.

#

ADJOURNMENT

[5:14:58 PM](#)

The meeting was adjourned at 5:14 p.m.